

## Summary of the IFRS-EU Consolidated Results for the 1<sup>st</sup> Quarter of 2024 – 15 May 2024

**Growth of both net profit and EBIDTA at consolidated level in 2024, up to RON 127.7 mn., respectively to RON 400.8 mn..**

### **The evolution of the main indicators for 2024:**

- **EBITDA** – RON 400.8 mn., an increase of RON 252.1 mn. compared to Q1 2023;
- **Operating income** – RON 2,569.7 mn., a decrease of 26.8% compared to Q1 2023;
- **Net result** – net profit of RON 127.7 mn., an increase of RON 170.7 mn. compared to the net loss of RON 43.0 mn. registered in the first quarter of 2023;
- **CAPEX PIF (commissioned)** – RON 70.3 mn., an increase of 7.7% compared to RON 68.8 mn. in 3M 2023.

### **Statement from Chirita Alexandru-Aurelian, General Director of Electrica S.A.:**

„The financial performance recorded by the Electrica Group in the first quarter of this year demonstrates our team's ability to adapt and progress in a dynamic economic environment. EBITDA reached 400.8 million RON, marking an increase of 170%, highlighting our operational and strategic efficiency. The net profit reached 127.7 million RON, with a notable improvement of 170.7 million RON, underscoring our commitment to generating value for shareholders and consolidating our market position.

Investments continue to be a priority across the entire Group, with a strong focus on the distribution area, reflected in the 7.7% increase in the value of completed works. These investments are essential for both the modernization and development of the infrastructure we manage and the provision of high-quality services for our customers, as well as for supporting the transition to increasingly sustainable energy sources.

This year, we mark the 10<sup>th</sup> anniversary of our admission to trading, a milestone in the company's evolution. It has been a decade marked by significant achievements and major transformations, and current performance gives us confidence that we are on the right path to continue the positive trend in the future.”

### **Analysis of the consolidated financial indicators**

The main results presented below are extracted from the condensed consolidated interim financial statements as at and for the three-month period ended 31 March 2024 prepared in accordance with IFRS-EU:

<b>Financial Results – in RON mn.*</b>	<b>Q1 2023</b>	<b>Q1 2024</b>	<b>Δ</b>	<b>Δ%</b>
Operating income	3,511.5	2,569.7	(941.8)	-26.8%
Operating expense	3,490.0	2,320.4	(1,169.6)	-33.5%
Operating profit	21.5	249.3	227.8	1,059.5%
<b>EBITDA</b>	<b>148.7</b>	<b>400.8</b>	<b>252.1</b>	<b>169.5%</b>
<b>Financial result</b>	<b>(64.4)</b>	<b>(79.5)</b>	<b>(15.1)</b>	<b>23.4%</b>
<b>Net profit</b>	<b>(43.0)</b>	<b>127.7</b>	<b>170.7</b>	<b>-</b>

\*Amounts are rounded to the nearest whole value

Source: Electrica

In the first three months of 2024, **EBITDA** at Electrica Group level increased by 170%, respectively by RON 252.1 mn., reaching a value of RON 400.8 mn., compared to the value of RON 148.7 mn. achieved in the first three months of 2023. The EBITDA growth was mainly driven by the operational performance of the distribution segment on the back of the increase in electricity distribution revenues by approximately RON 273.6 mn., (or 31.9%), to RON 1,130.6 mn. from RON 857.0 mn. in 2023.

The **operating profit** had an increase of RON 227.8 mn., reaching a value of RON 249.3 mn. due to the positive impact generated by the operating expense decrease of RON 1,169.6 mn..

The **net result** of the Electrica Group for 2024 increased of RON 170.7 mn., reaching a value of RON 127.7 mn. from a net loss of RON 43.0 mn. from the first quarter of the previous year. This result is generated mainly by the performance of the distribution segment in the context of decreasing electricity costs to cover the network losses, as a result of the implementation of the MACEE centralized purchase mechanism. According to which the producers have the obligation to sell 80% of the available energy at a price of 450 RON/MWh, impact diminished by the increase in the volumes of electricity needed to cover losses in the network.

On the **distribution segment**, revenues increased by approximately RON 273.6 mn. (or 31.9%) to RON 1,130.6 mn., from RON 857.0 mn. in 2023, mainly due to the effect of, the significant increase in distribution tariffs due to ANRE order no. 115/2023 in which distribution tariffs were higher by approx. 6.8% compared to the last tariffs increased in Q2 2023 for the year 2024 as an intermediate year between RP4 and RP5, as well as the fact that starting Q2 2023 according to GEO 28/2023 distribution tariffs were higher by approx. 20% (26.1% MN area; 21.5% TN area and 10.9% TS area) compared to the corresponding tariffs in Q1 2023, a positive effect to which is added the increase of electricity volumes distributed by approx. 3.4% and also the increase in revenues recognized in accordance with IFRIC 12 (recognized on the basis of the stage of completion of works, in accordance with the accounting policy on the recognition of network investments in connection with concession agreements). The contribution of the electricity distribution segment to the Group's consolidated revenue is 27.0%.

Basically, in the first 3M 2024 vs 3M 2023 we have the impact of two consecutive increases in distribution tariffs: the one for 2024 (6.8%) and the one for 2023 but which was granted starting from 1 April 2023, so the first quarter of 2023 did not have the increase of approx. 20%, which was granted due to the extraordinary context in the energy sector in 2022.

For the **supply segment**, the revenues from electricity and natural gas supply decreased in 2024 by approximately RON 423.9 mn., (or 20.8%), to RON 1,614.9 mn. from RON 2,038.8 mn. in 2023, this variation was mainly due to the effect of lower sales volumes (by 5% for electricity) and lower purchase cost (by 54% for electricity). The decrease in the cost of acquisition was seen in the forward and DAM markets. This decrease is also propagated in the decrease of the revenue from the sale of electricity and the decrease of the revenue from subsidies (by approx. 68% - electricity) because, according to GEO 27/2022, as subsequently amended, the final price to be invoiced to customers is represented by the minimum value between the capped price, the contract price and the final price calculated with the cost plus method (i.e. realized purchase cost + supply component). The contribution of the supply segment to the Group's consolidated revenues is in the proportion of 72.2%.

On 31 March 2024, the total amount estimated for subsidies was RON 2,301.2 mn. (31 December 2023: RON 2,614.4 mn.). Out of the total amount to be collected, RON 1,904.1 mn. represents uncollected claims submitted to the state authorities (RON 1,278.8 mn. representing the amount estimated to be received from the Ministry of Energy, respectively RON 625.3 mn. from National Agency for Payments and Social Inspection

"ANPIS") and RON 397.1 mn. requests that have not yet been submitted to the state authorities until 31 March 2024.

## OTHER IMPORTANT OPERATIONAL INFORMATION

- **Distributed electricity volumes** – 4.41 TWh, up by 3,4% compared to 2023. DEER serves approx. 3.9 mn. users, over an area covering about 40.8% of Romania;
- **Volumes of electricity supplied to final customers** – 2.0 TWh, down by 5% compared to 2023, amid the general downward trend of electricity consumption; Electrica Furnizare supplies electricity to approx. 3.5 mn. consumption places overall, out of which 1.74 consumption places on the competitive market, as well 1.75 mn. Consumption places in universal service and as last resort supplier;
- **Supply market share** - Electrica Furnizare is the largest supplier, with a total market share of 16.36% and a competitive market share of 10.45%, according to the latest ANRE report available (February 2024);
- Electrica Group continues to pursue the expansion of its portfolio in the field of electricity production, especially from renewable sources, having at this time projects in different phases of execution with a **capacity of approx.. 300 MW**. In the case of the Vulturii project, at the end of Q2 2024, the commissioning tests will start, and in the case of the Satu-Mare 2 project, the construction works have begun;
- The **Regulated Asset Base (RAB)**, in nominal terms, with inflation of 4.6% for the year 2024 is estimated at the end of the first quarter of 2024 at RON 7.4 bn..
- At the end of the first quarter of 2024, the operator Distribuție Energie Electrica România (DEER) realized and commissioned investments worth RON 70.3 mn, representing 102.1% of the estimated value of the commissioning programme planned for this period at RON 68.8 mn..

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The documents related to the Q1 2024 results are available on Electrica's website at the following link: <https://www.electrica.ro/en/investors/results-and-reports/financial-results/financial-statements-for-q1-2024/>, as well as in the pdf file attached below.

We remind you that Electrica's management is organising on **17 May 2024, 16:00** (Romanian time), a web conference for analysts and investors: [Presentation of Electrica Group Q1 2024 Financial Results](https://www.electrica.ro/en/investors/results-and-reports/financial-results/financial-statements-for-q1-2024/). The web conference can be accessed online under the following link: <https://87399.themediaframe.eu/links/electrica240517.html>

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**CEO**  
**Alexandru-Aurelian Chirita**

**CFO**  
**Stefan Alexandru Frangulea**



# **2024 FIRST QUARTER CONSOLIDATED DIRECTORS' REPORT (Q1 2024)**

**(based on the individual and consolidated financial statements prepared in accordance with the International Financial Reporting Standards as adopted by the European Union)**

**REGARDING THE ECONOMIC AND FINANCIAL ACTIVITY OF SOCIETATEA ENERGETICA  
ELECTRICA S.A.**

**in compliance with art. 67 of the Law no. 24/2017 on issuers of financial instruments and market operations and with annex no. 13 to ASF Regulation no. 5/2018 and the Bucharest Stock Exchange Code**

**for the three month period ended 31 March 2024**

*Free translation from the Romanian version of the report, which will prevail in the event of any discrepancies with the English version.*

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*Note: The figures presented in this document are rounded based on the round to nearest method; as a result, rounding differences may appear.*

## 1. Identification Details Of The Issuer

**Report date:** 15 May 2024

**Company name:** Societatea Energetica Electrica S.A.

**Headquarters:** no. 9 Grigore Alexandrescu Street, 1<sup>st</sup> District, Bucharest, Romania

**Phone/fax no:** +4021.208.5999; +4021.208.5998

**Sole Registration Code:** 13267221

**Trade Registry registration number:** J40/7425/2000

**LEI Code (Legal Entity Identifier):** 213800P4SUNUM5AUDX61

**Subscribed and paid in share capital:** RON 3,464,435,970

**Main characteristic of issued shares:** 346,443,597 ordinary shares of 10 RON nominal value, out of which 6,890,593 treasury shares and 339,553,004 shares issued in dematerialized form and freely transferable, nominative, tradable and fully paid.

**Regulated market where the issued securities are traded:** the Company's shares are listed on the Bucharest Stock Exchange (ticker: EL), and the Global Depositary Receipts (ticker: ELSA) are listed on the London Stock Exchange.

**Applicable accounting standards:** International Financial Reporting Standards as approved by the European Union ("IFRS-EU").

**Reporting period:** 2024 First Quarter (period 1 January – 31 March 2024)

**Audit/Review:** The condensed consolidated interim financial statements as of and for the three months period ended 31 March 2024 are not reviewed or audited by an independent financial auditor.

**Table 1. Company details**

	Ordinary Shares	GDR
ISIN	ROELECACNOR5	US83367Y2072
Bloomberg Symbol	0QVZ	ELSA: LI
Currency	RON	USD
Nominal Value	RON 10	-
Stock Market	Bucharest Stock Exchange REGS	London Stock Exchange MAIN MARKET
Ticker	EL	ELSA

Source: Electrica

## 2. Highlights

The Group's core business segments are the distribution of electricity to users, the supply of electricity to household and non-household consumers, the segment of services related to the external distribution networks as well as the segment regarding the production of electricity from renewable sources.

Electrica's distribution segment operates through its subsidiary Distribuție Energie Electrica Romania („DEER”) and it is geographically limited to 18 counties from the historical regions Muntenia and Transylvania. The Group holds exclusive distribution licenses for these regions, which are valid until 2027, and may be extended for another 25 years.

The electricity and natural gas supply segment operates through Electrica Furnizare (“EFSA”) subsidiary, and the main activity is the supply of electricity to final customers, on the universal service segment and as supplier of last resort, as well as a competitive supplier, all over Romania.

The Group holds an electricity supply license covering the entire territory of Romania, which was renewed in 2021 for a period of 10 years. In order to extend the economic activities of Electrica Furnizare S.A. (EFSA) in Hungary, the electricity trading license was granted by the Hungarian Energy and Public Utilities Regulatory Authority (MEKH) for Electrica Furnizare, by Decision no. H879/2022. Also, the Group holds a natural gas supply license valid until 2032.

Within the external electricity network maintenance segment, SERV provides maintenance, repair and various services to group companies (car rental, rental of buildings etc.) as well as repairs, maintenance and other energy related services to third parties.

The Group entered on the segment of electricity production, from renewable sources, starting with 2020 through the purchase of a photovoltaic park with an installed capacity of 7.5 MW (operating capacity limited to 6.8 MW), and in the last 12 months of acquired five projects of electricity production parks from renewable sources (four photovoltaics - with an installed capacity of 175.5 MW and a wind farm with an installed capacity of 121 MW, with an attached electricity storage capacity of 60 MWh). Also, at the end of 2023, the Group merged three of its five renewable generation park projects (absorbed companies) with the Parent Company (absorbing company).

In the consolidated report of the administrators on the date and for the three-month period ending on 31 March 2024, the main events that took place during the three months period of the current financial year (detailed below) are included and their impact on the accounting reporting is included both in the operational results of the Group. Also, significant events subsequent to the reporting date are included in this report.

### 2.1. Key Events during the period January – March 2024 (Q1 2024)

During the three months period ended 31 March 2024 the following main events took place:

#### Decisions of the ELSA's BoD

On 22 January 2024, ELSA's Board of Directors decided to extend the duration of the mandate of Mr. Alexandru-Aurelian Chirita, as interim CEO, under the same conditions, until 31 March 2024 (inclusively).

During its meeting on 12 February 2024, ELSA's BoD elected Mr. Dumitru Chirita as the Chair of the Board of Directors until 31 December 2024.

Also, the Board of Directors decided, in accordance with art. 18, para. 14 from the articles of Association of the Company, to establish two vice-chair positions. Therefore, the Board of Directors elected Mr. Dragos-Valentin



Neacsu and Mr. Adrian-Florin Lotrean as Vice-Chairs, until 30 December 2024.

During the same meeting from 12 February 2024, the Board of Directors decided the following composition for its consultative committees, until 31 December 2024:

#### **The Strategy and Corporate Governance Committee**

- Mr. Marian Cristian Mocanu – Chair;
- Mr. Dumitru Chirita – Member;
- Mr. Dragos Valentin Neacsu – Member.

#### **The Audit and Risk Committee**

- Ms. Valentina-Elena Siclovan – Chair;
- Mr. Adrian-Florin Lotrean – Member;
- Mr. Ion Cosmin Petrescu – Member.

#### **The Nomination and Remuneration Committee**

- Mr. Adrian-Florin Lotrean – Chair;
- Mr. Marian Cristian Mocanu – Member;
- Mr. Ion Cosmin Petrescu – Member.

#### **The Climate Governance and Public Affair Committee**

- Mr. Dragos Valentin Neacsu – Chair;
- Ms. Valentina-Elena Siclovan – Member;
- Ms. Georgiana Bogasievici – Member.

On 25 March 2024, ELSA's Board of Directors decided to extend the duration of the mandate of Mr. Alexandru-Aurelian Chirita, as interim CEO, under the same conditions, until 31 December 2024 (inclusively).

#### **General Meetings of Shareholders**

On 26 January 2024, the Ordinary General Meeting of Shareholders (OGMS) took place, physically and online through the voting platform <https://electrica.voting.ro/>, with a quorum of 90.0765% of the total voting rights and 88.2849% of the share capital of the Company, which approved the election of the following members of the Company's Board of Directors by applying the cumulative vote method:

- Mr. Ion-Cosmin Petrescu
- Mr. Dumitru Chirita
- Ms. Georgiana Bogasievici
- Mr. Dragos-Valentin Neacsu
- Mr. Adrian-Florin Lotrean
- Mr. Marian-Cristian Mocanu
- Ms. Valentina-Elena Siclovan

The following members of the Board of Directors are considered revoked: Mr. Iulian Cristian Bosoanca, Mr. Radu Mircea Florescu and Mr. Gicu Iorga. They were not reconfirmed as a result of applying the cumulative voting method, their mandate ending as a consequence on the AGOA date, according to the provisions of art. 167 paragraph (3) of Regulation no. 5/2018 of the Financial Supervision Authority.

Also, Electrica shareholders approved with the majority of votes cast by the shareholders present or represented:

- Establishing the term of office of the members elected by applying the cumulative voting method, for a period of 4 (four) years.
- Establishing the remuneration due to the members of the Board of Directors elected by applying the cumulative voting method, respectively that established according to the Remuneration Policy for Administrators and Executive Directors, approved by the Resolution of the Ordinary General Meeting of Shareholders no. 1/27 April 2023.
- Establishing the form of the mandate contract that will be signed with the members of the Board of Directors elected by applying the cumulative voting method, respectively the one approved by the Resolution of the Ordinary General Meeting of Shareholders no. 1 of 9 February 2018.

### **Other relevant events**

On 19 January 2024, Electrica received from the European Bank for Reconstruction and Development (EBRD) a notification according to which, on 15 January 2024, the EBRD disposed of a number of 205,505 Electrica shares, falling below the 5% threshold provided by article 71 of Law 24/2017 on issuers of financial instruments and market operations, thus reaching a holding of 4.9502% of the voting rights of Electrica calculated on the basis of all the shares to which voting rights are attached, even if for the shares own shares (6,890,593 own shares) their exercise is suspended, in accordance with the provisions of art. 71 (1) of Law no. 24/2017 regarding issuers of financial instruments and market operations.

On 14 February 2024, Electrica published the preliminary key operational indicators for Q4 2023.

On 15 February 2024, Electrica published a current report regarding the final settlement of a litigation against ANRE.

On 15 February 2024, Electrica announced the attraction of new non-reimbursable financing of EUR 171 mn. through the Modernisation Fund.

On 26 February 2024, Electrica published a current report regarding the action filled by Electrica against DEER, following the implementation of measures ordered by Court of Accounts (CCR).

On 28 February 2024, Electrica announced the official admission of Electrica shares in FTSE Russell indexes, starting 18 March 2024.

On 29 February 2024, Electrica published the Preliminary Consolidated Financial Statements for the year 2023, prepared in accordance with OMFP 2844/2016.

On 6 March 2024, Electrica published the audited Consolidated Financial Statements for the year 2023, prepared in accordance with OMFP 2844/2016, and the audited Separate Financial Statements for the year 2023, together with the Independent Auditor's Reports and the BoD Reports for the year 2023.

On 25 March 2024, Electrica published the audited Consolidated Financial Statements for the year 2023, prepared in accordance with IFRS-EU.

On 25 March 2024, Electrica published a current report regarding the Restatement of the 2022 IFRS Financial Statements and the differences between the Financial Statements for the year 2023 prepared in accordance with IFRS-EU and OMFP 2844/2016.

On 25 March 2024, Electrica published the 2024 CAPEX Plan, at the Group level.

### Transactions with related parties

In the first quarter of 2024, Electrica published 8 current reports according to art. 108 of Law no. 24/2017 regarding the transactions concluded in this period between DEER – OPCOM, EFSA – OPCOM, DEER – EFSA and EFSA - Transelectrica, whose cumulated value in the case of each announcement exceeds the threshold of 5% of ELSA's net assets, calculated on the basis of Electrica's latest available individual financial statements.

Also, two more current reports were published, regarding the details of the MACEE contracts concluded by DEER and EFSA and the internal treasury agreements concluded by ELSA with EFSA, DEER and Electrica Serv.

On 31 January 2024, ELSA published the Auditor's report regarding the transactions reported in H2 2023 according to Art. 108 Law 24/2017 (R).

All these current reports and auditor's reports can be found on ELSA's website, at this address:

[www.electrica.ro/en/investors/results-and-reports/current-reports-art-108/](http://www.electrica.ro/en/investors/results-and-reports/current-reports-art-108/)

### Treasury aspects

#### Loans related to third-parties

- On 18 January 2024, the Intra-Group Domestic Cash Pooling Services Agreement No. 8/8130/2024 was signed between Groupe Societe Generale SA and Societatea Energetica Electrica SA, as "Pool Leader" and DEER, as "Participating Company", to ensure the optimal management of the cash deficit or surplus in the bank accounts of each of the Group Companies.
- On 18 January 2024, the Intra-Group Domestic Cash Pooling Services Agreement No. 9/8130/2024 was signed between Groupe Societe Generale SA. and SE Electrica SA, as "Pool Leader" and EFSA and SERV, as "Participating Companies", to ensure the optimal management of the cash deficit or surplus in the bank accounts of each of the Group Companies.
- On 18 January 2024, the Loan Facility Agreement no.10/8130/2024 was signed by S.E. Electrica S.A. and BRD - Groupe Societe Generale SA within the cash-pooling structure, whereby the bank provides the borrower with a revolving credit facility in the total amount of RON 150 mn., valid until 17 January 2025, to finance the funding needs of the Participating Companies and the borrower within the structure from the Cash Pooling Agreements.
- On 22 January 2024, was signed the Additional Act no.3 to the Loan Agreement no. 2022012502 concluded by DEER and BCR which extends the validity of the overdraft facility and bank guarantees, in the amount of RON 220 mn., until 30 April 2024.
- On 30 January 2024, was signed the Additional Act no.4 to the Loan Agreement no. 11673879/02.02.2022, in the amount of RON 190 mn., concluded by EFSA and Banca Transilvania, S.E. Electrica S.A. as guarantor, extending the validity of the facility until 30 January 2025 and amending the commercial terms.
- On 31 January 2024, was signed the Additional Act No. 5 to the Loan Agreement 10091385 of 16.12.2020 concluded by DEER and Banca Transilvania SA, extending the validity of the period of use until 30 January 2025 and maturity until 31 January 2026 for the facility in amount of RON 160 mn., for credit line and for issuing bank guarantees.
- On 02 February 2024, was signed the Additional Act no.4 to the Loan Agreement no. 17/8130/2022 dated 04

February 2022 concluded by EFSA and BRD, S.E. Electrica S.A. as guarantor, extending the validity of the facility in amount of RON 220 mn. until 02 February 2025 and amending the commercial terms.

- On 8 February 2024, was signed the Additional Act no. 1 to the Credit Facility Agreement no. 49183, non-cash facility for issuing bank guarantees, concluded between DEER and Garanti BBVA, S.E. Electrica S.A. as guarantor, in the amount of RON 103 mn., which extended the validity of the facility until 20 April 2026.
- On 14 February 2024, was signed the Additional Act no. 5 to the Credit Facility Agreement no. WB/C/14 dated 18 February 2022 in the amount of EUR 34.3 mn., concluded between EFSA and ING Bank, S.E. Electrica S.A. as guarantor, extending the validity of the facility until 29 March 2024.
- On 19 February 2024, was signed the contract FA 9178/19.02.2024, concluded between EFSA and Vista Bank, S.E. Electrica S.A. as guarantor, whereby a facility for working capital was granted, in the amount of RON 17 mn., valid until 19 February 2025.
- On 20 February 2024, was signed the contract 02246681CR/01/20.02.2024, concluded between EFSA and Vista Leasing IFN, S.E. Electrica S.A. as guarantor, whereby a facility for working capital was granted, in the amount of EUR 6 mn., valid until 10 February 2025.
- On 13 March 2024, was signed the Additional Act no. 3 to the Credit Facility Agreement no. GRIM/43778/19.05.2022, concluded between EFSA and UniCredit Bank, S.E. Electrica S.A. as guarantor, extending the validity of the overdraft facility until 30 September 2024 and the validity of the facility for issuing bank guarantees, until 30 September 2025. At the same time, the amount of the overdraft limit was temporarily increased, until 15 July 2024, by EUR 10 mn..
- On 22 March 2024, was signed the Additional Act no. 4 to the Overdraft Credit Facility Agreement with the possibility of issuing letters of guarantee and opening letters of credit No. 61/2021, concluded between EFSA and Raiffeisen Bank SA, S.E. Electrica S.A. as guarantor, extending the validity of the overdraft limit and the facility for issuing letters of guarantee until 24 April 2024.
- On 25 March 2024, was signed Additional Act no. 5 to the Credit Facility Agreement no. WB/C/379 concluded between DEER and ING Bank, in the amount of RON 205 mn., S.E. Electrica S.A. as guarantor (corporate guarantee), extending the validity of the facility until 21 March 2025.
- On 28 March 2024, was signed the Additional Act no. 6 Credit Facility Agreement no. WB/C/14 dated 18 February 2022 in the amount of EUR 34.3 mn., concluded between EFSA and ING Bank, S.E. Electrica S.A. as guarantor, by which the limit is temporarily increased by EUR 40 mn. until 26 June 2024 and the validity of the facility is extended until 14 February 2025.

### **Intragroup Loans**

- On 13 January 2024, was concluded the Internal Treasury Convention no.13/22.01.2024, between S.E. Electrica S.A. and EFSA, within the Cash Pooling structure, to ensure the optimal management of the cash deficit or surplus in the bank accounts of each of the two companies.

- On 13 January 2024, was concluded the Internal Treasury Convention no.14/22.01.2024, between S.E. Electrica S.A. and DEER, within the Cash Pooling structure, to ensure the optimal management of the cash deficit or surplus in the bank accounts of each of the two companies.
- On 13 January 2024, was concluded the Internal Treasury Convention no.15/22.01.2024, between S.E. Electrica S.A. and SERV, within the Cash Pooling structure, to ensure the optimal management of the cash deficit or surplus in the bank accounts of each of the two companies.
- On 23 January 2024, S.E. Electrica S.A. concluded the Loan Agreement no. 17 dated 23 January 2024 with New Trend Energy SRL, for a loan in the amount of RON 200 mn. and 12 months validity, to finance the investment works necessary for the completion and operation of the photovoltaic power plant "Satu Mare 3".
- On 31 January 2024, S.E. Electrica S.A. concluded the Loan Agreement no. 19 dated 31 January 2024 with Foton Power Energy SRL, for a loan in the amount of RON 245 mn. and 12 months validity, to finance the investment works necessary for the completion and operation of the photovoltaic power plant "Bihor".
- On March 21, 2024, was signed the Additional Act No. 1 to the Internal Treasury Convention No. 13/22.01.2024 concluded between S.E. Electrica S.A. and EFSA; the credit limit of the participant (EFSA) was increased to RON 245 mn..
- On 28 March 2024, was signed the Additional Act no. 4 to the Internal Treasury Convention no. 25/05.02.2020 concluded between S.E. Electrica S.A. and EFSA, to regulates the interest related to the amount of RON 28 mn..

#### **Corporate guarantees within the credit facilities in force**

- On 16 April 2019, was signed the Credit Facility Agreement no. 111, concluded by SE Electrica SA, EFSA, SERV and BNP PARIBAS, in amount of RON 160 mn., amended by Additional Act no. 1, 2, 3 and 4, with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 160 mn..
- On 25 June 2020, was signed Loan Agreement no. 76/8130/2020, concluded by DEER (SDTN) and BRD, in amount of RON 100 mn., amended by Additional Act no. 1, with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 110 mn..
- On 25 June 2020, was signed the Loan Agreement no. 74/8130/2020, concluded by DEER (SDTS) and BRD, in amount of RON 80 mn., amended by Additional Act no. 1, with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 88 mn..
- On 14 September 2020, was signed the Loan Agreement no. 20200911050, concluded by DEER (SDMN) and BCR, in amount of RON 155 mn., amended by Additional Act no. 1, with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 170.5 mn..
- On 02 July 2021, was signed the Loan Agreement no. 52212, concluded by DEER and EBRD, in amount of RON 195.1 mn., with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 246.3 mn..

- On 14 July 2021, was signed the Loan Agreement no. FI N° 92.394, concluded by DEER and BEI, in amount of EUR 120 mn. with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 144 mn.
- On 26 October 2021, was signed the Credit Facility Agreement no. 56, concluded by EFSA and Raiffeisen Bank SA, in amount of RON 150 mn., amended by Additional Act no. 1, 2, 3, 4, 5 and 6, with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 150 mn..
- On 07 December 2021, was signed Loan Agreement no. FI Nr. 93.414, concluded by DEER and BEI, in amount of EUR 90 mn. with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 108 mn..
- On 24 December 2021, was signed the Credit Facility Agreement no. 61, concluded by EFSA and Raiffeisen Bank SA, in amount of RON 220 mn. amended by Additional Act no. 1, 2, 3 and 4 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 220 mn..
- On 24 December 2021, was signed the Credit Facility Agreement no. 148, concluded by EFSA and BNP PARIBAS, in amount of RON 220 mn. amended by Additional Act no. 1, with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 242 mn..
- On 02 February 2022, was signed the Loan Agreement no. 11673879, concluded by EFSA and Banca Transilvania, in amount of RON 190 mn. amended by Additional Act no. 1, 2, 3 and 4 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 209 mn..
- On 04 February 2022, was signed the Loan Agreement no. 17/8130/2022, concluded by EFSA and BRD, in amount of RON 220 mn. amended by Additional Act no. 1, 2, 3 and 4 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 242 mn..
- On 18 February 2022, was signed the Credit Facility Agreement no WB/C/14, concluded by EFSA and ING Bank, in amount of EUR 74.3 mn. amended by Additional Act no. 1, 2, 3, 4, 5 and 6 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is temporarily increased up to EUR 81.7 mn..
- On 25 March 2022, was signed the Credit Facility Agreement no. WB/C/379, concluded by DEER and ING Bank, in amount of RON 205 mn. amended by Additional Act no. 1, 2, 3, 4 and 5 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 225.5 mn..
- On 15 April 2022, was signed the Credit Facility Agreement no. 20220406018, concluded by EFSA and BCR, in amount of RON 220 mn. amended by Additional Act no. 1 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 242 mn..

- On 19 May 2022, was signed the Loan Agreement no. GRIM/43778/CSC, concluded by EFSA and Unicredit Bank SA, in amount of EUR 60.8 mn. amended by Additional Act no. 1, 2 and 3 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is temporarily increased up to EUR 77.8 mn..
- On 06 September 2022, was signed the Loan Agreement no. 350, concluded by EFSA Alpha Bank, in amount of RON 300 mn. amended by Additional Act no. 1, 2 and 3 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 300 mn..
- On 22 December 2022, was signed the Loan Agreement no. 1218, concluded by DEER and EXIM BANK, in amount of RON 250 mn., with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is maximum of RON 325 mn..
- On 27 December 2022, was signed the Credit Facility Agreement no. 165, concluded by EFSA and BNP Paribas, in amount of RON 240 mn. increased by Additional Act to RON 440 mn. with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 484 mn..
- On 20 February 2023, was signed the Loan Agreement no. 49183 concluded by DEER and Garanti BBVA, in amount of RON 103 mn. amended by Additional Act no. 1 with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 103 mn..
- On 17 March 2023, was signed the Loan Agreement no. 53747 concluded by DEER and EBRD, in amount of RON 180 mn. increased by Additional Act to RON 240 mn. with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 312 mn..
- On 04 August 2023 was signed the Multicredit Facility Agreement no. RQ23079467247483 concluded by EFSA and CEC Bank, in amount of RON 150 mn. Increased by Additional Act to RON 200 mn. With S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 200 mn..
- On 22 December 2023, was signed the Loan Agreement No.1430, concluded by DEER and EXIM BANCA ROMANEASCA SA, in amount of RON 250 mn. S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 325 mn..
- On 19 February 2024, was signed the Loan FA 9178/19.02.2024 between EFSA and Vista Bank, in amount of RON 17 mn. S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 17 mn..
- On 20 February 2024, was signed the Loan 02246681CR/01/20.02.2024 between EFSA and Vista Leasing IFN, in the amount of EUR 6 mn. S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 6 mn..

On 31 March 2024, the value of the corporate guarantees (which are not real guarantees), established by ELSA within the credit facilities, is RON 6,348 mn..

## Parent Corporate Guarantees

- On 01 February 2024, was signed the Additional act no.1 to the Parent Corporate Guarantee established on 14 December 2022 in favour of EFSA, having as beneficiary COMPLEXUL ENERGETIC OLTENIA. The amount of the guarantee was reduced to RON 32.1 mn. and the validity was extended until 10 March 2024.
- On 01 February 2024, was signed the Additional act no.1 to the Parent Corporate Guarantee established on 28 December 2022 in favour of EFSA, having as beneficiary COMPLEXUL ENERGETIC OLTENIA. The amount of the guarantee was reduced to RON 62.8 mn. and the validity was extended until 10 March 2024.

On 31 March 2024, the amount of the Parent Corporate Guarantees (which are not real guarantees), constituted by ELSA in favour of EFSA, is RON 0.0 mn..

## Litigations

### ▪ Case no. 2790/1/2023 (former no. 360/2/2015)

On 14 February 2024, the High Court of Cassation and Justice definitively settled the case no. 2790/1/2023 (former number 360/2/2015), against ANRE, rejecting Electrica's recourse as unfounded (the case was also dismissed on merits). The object of the file is Electrica's request for the annulment of ANRE President's Order no. 156/2014 regarding the approval of the specific tariffs for the electricity distribution service and of the price for reactive electricity, for Societatea Comerciala "Filiala de Distributie si Furnizare a Energiei Electrice Electrica Distributie Transilvania Sud" S.A., now Distributie Energie Electrica Romania S.A. (DEER), Electrica's subsidiary. Following Electrica's request, the case was suspended until the final resolution of Electrica's file against ANRE no. 192/2/2015, having as its object the annulment of ANRE's President Order no. 146/2014 regarding the establishment of the regulated rate of return applied to the approval of tariffs for the electricity distribution service provided by concessionaire distribution operators starting from January 1, 2015 and the repeal of art. 122 of the Methodology for establishing tariffs for the electricity distribution service, approved by the Order of the President of the National Energy Regulatory Authority no. 72/2013.

### ▪ Case no. 107/1285/2024

In order to implement the measures ordered by CCR to remedy the deviations found in paragraphs 1-4 of the CCR Decision no. 12/27 December 2016, issued as a result of the control on the management of Electrica's patrimony for the period 01 January 2013 - 30 June 2014, submitted, on 23 February 2024, a request to be summoned to court, against its subsidiary Distributie Energie Electrica Romania SA (DEER), for:

- obliging DEER to pay the amount of 235,567,249 RON, the amount that will be updated with the inflation rate, based on unjust enrichment, as follows: - the amount of 232,451,693 RON (composed of 205,829,399 RON - payments made until 30.06.2014, 22,950,254 RON - unjustified increase in operating expenses/depreciation expenses and 3,672,040 RON - reduction of profit tax) ; - the amount of 2,711,682 RON (2,337,657 RON - payments made and 374,025 RON - profit tax); - the amount of 86,614 RON (74,667 RON - payments made and 11,947 RON - profit tax); - the amount of 317,260 RON (273,500 RON - payments made and 43,760 RON - profit tax);
- obliging the defendant DEER to pay the legal interest calculated starting with the date of enrichment of the defendant, until the date of payment of the amount that is the main object of the action. The case is in preliminary proceedings.

We mention that during 19.09.2016 – 29.11.2016, Electrica's activity was subject to an audit by the Court of



Accounts, with the topic "the management of the patrimony for the distribution and supply of electricity" during the period 01.01.2013 – 30.06.2014. The findings of the audit team were recorded in the Control Report drawn up on 29.11.2016 by the external public auditors of the Romanian Court of Accounts, Department IV, Directorate 2, registered with Societatea Energetica Electrica SA under no. 9900/20307/29.11.2016.

Through the above-mentioned Control Report, inter alia, the following deviations were found: 1. "Employment of funds in the estimated amount of 224,622,940 RON (without VAT), for the execution of the investment work "AMR System (Automatic Meter Reading) measurement and consumption dispatcher activities at SC Electrica SA level", for which, although the purchased goods, were highlighted in the accounting, there are not physically found in the patrimony, nor were they used for the activities carried out according to the object of activity; 2. Unjustified increase in operating expenses with an estimated amount of 273,500 RON (without VAT) representing studies developed for activities that are not within the scope of activity of SC DFEE "Electrica" SA, being related to activities belonging to other legal entities (their subsidiaries); 3. Unjustified increase in expenses for technical assistance services intended for carrying out the activity of other legal entities (distribution subsidiaries), in an estimated amount of 2,337,657.50 RON (without VAT); 4. Unjustified increase in operating expenses by the amount of 74,667.60 RON (without VAT), representing maintenance services for communication equipment provided to other legal entities (their subsidiaries). Public Subsequent to the control report, the Decision no. 12/27.12.2016 and the Conclusion no. 12/27/02/2017 were issued. Against Decision no. 12/27.12.2016 and Conclusion no. 12/27.02.2017, Societatea Energetica Electrica SA filed an action for annulment, which forms the subject of file no. 2229/2/2017\*.

The first instance admitted Electrica's appeal regarding the above-mentioned violations and abolished them. The Romanian Court of Accounts appealed against the decision of the court of first instance, the appeal being definitively dismissed by the High Court of Cassation and Justice on 9 April 2024.

In this context, ELSA no longer proceeded with the partial stamping ordered by the Cluj Commercial Court in file no. 107/1285/2024; the Court annulled the end of the application with regard to which it ordered the stamp.

## Distribution segment

For the **distribution segment**, the significant changes in the Romanian legislation were detailed at *Appendix 9.2.1*. Based on these changes, the expected effects refer to:

- GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 *regarding the measures applicable to final customers in the electricity and natural gas market in the period 1 April 2022—31 March 2023, as well as for the modification and completion of some normative acts in the field of energy* - in force starting from 1 September 2022: (i) the additional costs with the purchase of electricity, made between 1 January 2022 and 31 August 2023, in order to cover the NL, compared to the costs included in the regulated tariffs, are capitalized quarterly, RRR = 50% of the RRR applicable to each periods; GEO no. 119/2022 was approved and amended by Law no. 357/2022, application period 1 January 2023 – 31 March 2025.
- GEO no. 153/2022 for the amendment and completion of GEO no. 27/2022 *regarding the measures applicable to final customers in the electricity and natural gas market in the period 1 April 2022-31 March 2023, as well as for the amendment and completion of some normative acts in the field of energy and the amendment of the GEO no. 119/2022 for amending and supplementing the GEO no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market in the period 1 April 2022-31 March 2023, as well as for the modification and completion of some normative acts in the field of energy*. (i) **in the period 1 January 2023-31 March 2025** the mechanism for the centralized purchase

of electricity is established (CEAM); (ii) OPCOM is designated as the sole purchaser, it buys the electricity from the planned producers and sells the purchased electricity to the electricity suppliers who have contracts concluded with final customers, the electricity transport and system operator and the electricity distribution operators, for covering the own technological consumption of the networks operated by them. DO can buy from OPCOM through an annual/monthly mechanism 75% of the amount of NL forecasted and validated by ANRE at the price of 450 RON/MWh, and producers can sell to OPCOM through an annual/monthly mechanism 80% of the amount produced forecasted and validated by ANRE and Transelectrica at the price of 450 RON/MWh. GEO no. 153/2022 was approved and amended by Law 206/2023.

- Emergency Ordinance no. 32/2024, modifies and completes GEO no. 27/2022, and for the period April 1, 2024 - December 31, 2024, CEAM is modified, so that producers will voluntarily sell to OPCOM at the price of 400 lei/MWh and OD will buy electricity from OPCOM at the price of 400 lei/MWh.
- ANRE order no. 129/2022 for the approval of the *Methodological Norms for the recognition in tariffs of the additional costs with the purchase of electricity to cover the own technological consumption compared to the costs included in the regulated tariffs, application period 1 January 2022 – 31 August 2023* - (i) the quarterly capitalization of the additional costs with NL compared to the costs included in the regulated tariffs; (ii) the capital costs related to the year 2022 are recognized in a distinct component related to the additional cost with NL applicable starting on 01 April 2023, outside the 7% limitations imposed for tariff increases; (iii) the recognized NL price for 2022 will be equal to the reference price calculated as an average among network operators, increased by 5%; (iv) the additional cost with NL capitalized in 2023 will be included in the separate NL component applicable in 2024. By ANRE Order no. 104/2023, the application period was changed until March 31, 2025, according to the changes approved by Law no. 357/2022.
- ANRE order no. 79/2023 regarding the modification and completion of the *Methodology for establishing tariffs for the electricity distribution service*, approved by ANRE Order no. 169/2018 with the following changes: (i) The year 2024 represents the transition period from the fourth period (PR4) to the fifth regulatory period (RP5); (ii) The target income of the DO for the year 2024 is established according to the Methodological Norms that complete the Methodology (Annex 1<sup>1</sup>); (iii) In 2024, ANRE approved for DEER regional distribution tariffs established on the basis of a single regulated income and a single NL target; (iv) The forecast for NL price for the year 2024 is calculated as a weighted average considering 75% the price approved by MACEE and 25% the DAM price for May 2023; (v) The value of the RAB achieved on 31 December 2023 will be calculated in 2024, and the DO will transmit to ANRE, until 31 May 2024, the net accounting value of the fixed assets included in the RAB on 31 December 2023; (vi) The regulated rate of return for the year 2024 is maintained at the value of 6.39%; (vii) The inflation corrections related to RP4 will be calculated in 2024 and added to the target income of 2025, which represents the first year of RP5; (viii) The deadline for submitting to ANRE the documentation substantiating the tariffs and the investment program for the year 2024 was 15 August 2023.

Methodology for establishing distribution tariffs approved by ANRE Order no. 169/2018 – ANRE published for public consultation the draft amending and supplementing order. Main changes:

#### Controllable Operating and Maintenance Cost (OpexC)

- OpexC and the efficiency factor will be established using the method and comparative analysis indicated in the study elaborated by ANRE;
- Personnel costs (PEX) will not be subject to efficiency;
- OpexC is reduced in conjunction with reducing the amount of power distributed;

- The inflation correction (IR) between the realized and the forecasted IR is fully applied to PEX, and for the rest of the costs only 50% of the difference is applied, in case it is higher than 2 p.p. (percentage points);
- OpexC will include R&D costs of up to RON 5 million per total RP5;
- Expenses from contracts concluded with affiliated companies made by subcontracting services/products to other companies are not recognized;
- DSOs that have their own, distinct organizational structure, with attributions regarding accessing European funds may request from ANRE the approval of values forecasted in uncontrollable Opex (OpexNc).

#### Investment expenditure

- RRR decreases by 0.5 p.p. if the DSO does not achieve an annual performance level regarding the development of a smart grid, established on the basis of indicators approved by ANRE;
- RRR zero for investments in facilities put into operation in RP5 (administrative buildings and tangible and intangible assets, automotive, computers, machinery, tools);
- The RAB does not recognize increases in the value of existing intangible assets due to updates, updates, improvements, changes on intangible assets, but can be recognized as special expenses within OpexNc, with the prior approval of ANRE;
- The costs with the acquisition of measuring groups, other than smart meters for periodic exchanges, are no longer recognized in the RAB, but in exceptional cases and with the prior approval of ANRE, they can be recognized as special expenses within OpexNc.

#### Electricity acquisition costs to cover network losses (NL)

- NL targets in LV will decrease linearly by the end of RP5 by at least 15%;
- The NL recognized price shall not exceed the weighted average of the prices realized by the DSO, plus 5%.

#### Income and tariffs

- Regulated income consists of 2 components: non-NL income and NL income;
  - Non-NL revenue is linearized, based on which distribution tariffs are set capped at 7%;
  - NL revenue forms the basis for setting NL tariffs, which are not capped and recovered from consumers (DTNL) and producers with installed capacity greater than 5 MW (DTG);
  - The activity of renting poles is regulated and included in the income of the distribution service.
- Regulated rate of return on invested capital for RP5 (RRR) - ANRE published for public consultation the draft order establishing RRR RP5, at 6.75%, and detailed the values of the calculation parameters resulting from the study elaborated for ANRE by the PwC consultant, explaining the differences compared to the 6.39% value approved for RRR RP4.
  - The modification of the *Investment Procedure* by ANRE Order no. 6/2023 considers the recognition of DO investments in energy storage and production for control and NL: (i) inclusion in the category of justifiable investments of energy production installations from renewable sources for NL supply and control consumption from the station; (ii) the inclusion in the category of necessary investments of electricity storage facilities; (iii) the possibility for DO to own storage facilities, by way of exception from the provisions of the Energy Law (art. 46<sup>1</sup> para. (1)), only with prior approval by ANRE; (iv) establishing the method of calculating the economic efficiency of investments in production/storage, to be recognized by ANRE.
  - ANRE Order no. 3/2024 for the approval of the *Procedure regarding the approval of the investments of the transport and system operator and of the concessionaire distribution operators, which consist of electricity*

*production facilities from renewable energy sources located in their own electrical transformation stations,* for approval they must be fulfilled the following conditions: (i) the electrical energy produced is consumed exclusively to supply the own consumption of the electrical station where the installation is located; (ii) TSO/DSO includes technical measures for managing the energy produced, so that it cannot be discharged into the public network. The ex-ante presentation of the cost-benefit analysis is required, as well as the analysis, every year after commissioning, of the level of benefits achieved in relation to the costs included in the network tariffs. In the situation where the realized benefits are lower than the realized capital and operational costs, the profitability related to the investment, recognized for the respective year, is reduced accordingly, so that the capital and operational costs related to the investment do not exceed the realized benefits. The approved investments are included in the investment plan of the TSO/DSO in the endowment category, derogation for the investments made in 2023 and approved according to this procedure are considered additional investments to the investment plan for the year 2023, in the endowment category and are reported until the 31 May 2024 in a table dedicated to this type of investment. TSO/DSO must first obtain the exemption provided for in ANRE Order no. 99/2023.

- The regulation approved by ANRE Order no. 99/2023 allows granting to the TSOs and DSO the right to own, develop, manage or operate electrical energy storage facilities (ISE) that represent fully integrated network components (CRCI). CRCI cannot be used by the TSO/DSO to buy or sell electricity on the electricity markets: for the purpose of system balancing or congestion management or to cover the own technological consumption of the electricity network.

## Investments

For the year 2024, the following values were budgeted for Distributie Energie Electrica Romania (DEER): the CAPEX plan is RON 878 mn., and the PIF plan is RON 918 mn., of which: PIF sent to ANRE RON 718 mn. (RON 675 mn. plan related to the year 2024 and RON 44 mn. carried forward values related to the year 2023) to which RON 200 mn. additional works are added compared to the ANRE plan.

The average degree of execution of CAPEX investments in the first quarter of 2024 is 144% of the planned value at 3 months (RON 216 mn. estimated against the planned RON 150 mn.), respectively 25% of the planned annual planned annual value.

The average degree of realization of PIF investments in the first quarter of 2024 is 102.1% of the planned value in 3 months (RON 70.3 mn. against the planned RON 68.8 mn), respectively 7.7% of the annual value (RON 70.3 mn. out of RON 918 mn.):

- degree of achievement of the ANRE 2024 plan: 6.3% (RON 42.6 mn. out of RON 675 mn.);
- degree of achievement of additional works: 7.6% (RON 15.1 mn. out of RON 200 mn.);
- degree of achievement of works carried over to 2023: 28.9% (RON 12.7 mn. out of RON 44 mn.).

## Supply segment

The regulatory framework has undergone significant changes over the last decade, in terms of liberalization of electricity and natural gas market, supply and distribution activities unbundling, implementation of renewable energy support scheme, support for electricity consumers and price caps for end consumers.

Starting 1 November 2021, against the background of the increase in energy and natural gas price on the international and national markets, the energy crisis, in Romania, a series of support schemes have been applied for electricity and gas consumers, for the period 1 November 2021 and 31 March 2025.

Therefore, full year 2023 and the first quarter of 2024 were impacted by the following aspects:

1. Price cap for household and non-household consumers according to GEO no.27/2022, with the subsequent changes and amendments;
2. Limiting the average purchase price considered for determining the amounts to be settled from state budget, initially to 1,300 RON/MWh, and presently to 900 RON/MWh (amendment according to Law 206/2023, which enforced GEO 153/2022), except for the purchasing of electricity intended for the supply of last resort, where this cap does not apply;
3. The mechanism for the centralized purchase of electricity (MACEE) settles that OPCOM, as the sole purchaser, buys electricity from producers (electricity producers with an installed capacity equal to or greater than 10 MW) and sells the purchased electricity to electricity suppliers who have contracts with end customers, the electricity transmission system operator and the electricity distribution system operators to cover their own technological consumption; the price paid by OPCOM to energy producers for sold electricity quantities is 450 RON/MWh, and the OPCOM selling price to economic operators is also 450 RON/MWh (OPCOM has the right to charge market participants tariffs/commissions at the level of costs recorded through the organization of the centralized electricity purchase mechanism). In order to carry out the transactions, OPCOM will organize an annual procurement procedure every month, as well as an additional monthly procurement procedure, for the quantities of electricity to be delivered in the following month; the annual and monthly quantities of electricity are binding on electricity producers and economic operators for all settlement intervals each month (contracts are concluded by signature, within a maximum of 3 working days);
4. Mandatory underground gas storage was determined by Romanian Energy Regulatory Authority (ANRE) based on two criteria: obligation of all gas suppliers to store a minimum stock of natural gas in order to reach the total level of 90% of the storage facilities capacity in Romania and the market share that each supplier has had for the gas year 2022-2023 (Electrica Furnizare market share was 0.82%). The storage obligation for 2024-2025 was established by ANRE Decision no. 360/28.02.2024 to a total volume of 219 GWh, obligation that must be fulfilled until 31 October 2024;
5. The obligation of natural gas producers to sell at a price of 150 RON/MWh the volumes needed to supply household/ heat energy producers.

The categories of customers benefiting from electricity cap in 2023 and in the first quarter of 2024:

- household customers (consumption <100 KWh/month - maximum price 0.68 RON/KWh, consumption range 100-300 KWh/month – by delimiting the volume exceeding 255 KWh/month - respectively the price level capped at 0.80 RON/KWh and with a maximum price of 1.3 RON/KWh);
- non-household customers - divided separately by activity field into three categories: customers benefiting from capping for 85% of consumption with a price capped at 1.0 RON/KWh, customers benefiting from capping for 100% of consumption, price capped at 1.0 RON/KWh and the rest of the customers at a maximum price of 1.3 RON/KWh.

The categories of customers benefiting from natural gas cap in 2023 and in the first quarter of 2024:

- household customers – the maximum price is capped at 0.31 RON/KWh;
- non-household customers - the maximum price is capped at 0.37 RON/KWh for an annual consumption of up to 50 GWh.

The compensated amounts are settled by the National Agency for Payments and Social Inspection ("ANPIS") for household consumers and by the Ministry of Energy for non-household consumers.

Transactions on the competitive gross market are transparent, public, centralized and non-discriminatory. Participants on the gross market can trade electricity based on bilateral contracts concluded on distinct markets.

**Green certificates**

Electricity suppliers have the legal obligation to purchase green certificates from renewable energy producers equivalent with the product between the value of the mandatory annual quota for the purchase of green certificates for the respective year and the amount of energy supplied to end consumers. The cost of green certificates is billed to end consumers separately from electricity tariffs.

**Electricity price**

MACEE implementation, as well as the measures taken in order to overtax profits obtained from electricity sale by traders/producers, led to a reduction of electricity and gas volumes available on the wholesale market.

Due to changes registered during recent years on the world energy market (including in the EU), each member state of the European Union had to adjust its legislative framework of the energy sector in order to protect civil society interests, on the one hand, and on the other hand, to ensure a proper balance and functionality on the local energy market by supporting energy suppliers.

For the supply segment, during 2023 and in the first quarter of 2024, the measures provided by GEO 27/2022, with subsequent amendments and additions, issued by Romanian Government, were applied. The measures comprised in the ordinance concern supporting end customers by capping electricity and gas prices, respectively granting subsidies to electricity and gas suppliers.

The manner of implementation of these schemes and the settlement mechanism of the amounts granted as support to customers, ex post from the state budget to electricity suppliers, have generated constraints in terms of cash flow, as well as uncertainties in terms of full payment recovery of the respective amounts by the suppliers.

In this context, Electrica Furnizare has adapted its medium and long-term strategy in order to manage these measures impact on company's activities in a responsible and sustainable manner in connection with a regulatory framework that has seen numerous successive and major changes recently.

**Subsidies to be collected**

On 31 March 2024, the total amount estimated for subsidies was RON 2,301.2 mn. (31 December 2023: RON 2,614.4 mn.). Out of the total amount to be collected, RON 1,904.1 mn. represents uncollected claims submitted to the state authorities (RON 1,278.8 mn. representing the amount estimated to be received from the Ministry of Energy, respectively RON 625.3 mn. from National Agency for Payments and Social Inspection "ANPIS") and RON 397.1 mn. requests that have not yet been submitted to the state authorities until 31 March 2024.

**2.2. Subsequent events**

Below are presented the relevant events that took place at the Group level in the period between the closing of Q1 2024 and the date of the present report.

**OGMS and EGMS from 25 April 2024**

On 25 April 2024, the OGMS and EGMS took place, physically and online through the voting platform <https://electrica.voting.ro/>, with a quorum of 90.6464% of the total voting rights and 88.8435% of the share capital of the Company, which mainly approved:

- The Separate Financial Statements for the year 2023 prepared in accordance with OMFP 2844/2016
- The Consolidated Financial Statements for the year 2023 prepared in accordance with OMFP 2844/2016 and IFRS-EU

- The distribution of the net profit for the financial year 2023, respectively the total gross dividend value of RON 39,999,344, gross dividend per share of RON 0.1178 and date of payment of the dividends for the year 2023 as 21 June 2023.
- The income and expenses budget of Electrica for financial year 2024, at individual and consolidated level.
- The filing of a civil damage action in court for the liability of Mr. George Cristodorescu, former director of the company
- The cancellation of the shares owned by Electrica (treasury shares) obtained through the stabilization after the IPO from June 2014, respectively the reduction of the share capital with the number of the cancelled own shares and the amendment of Articles of Association so as to reflect these operations.

Also, EGMS also rejected the approval of a ceiling of up to EUR 300 mn. for one or more bond issues.

### **Other relevant events**

On 10 April 2024, Electrica published a current report regarding the final settlement of file no. 2229-2-2017 against Court of Accounts.

On 11 April 2024, Electrica announced the signing of an EPC agreement for the development of the photovoltaic project "Satu Mare 2".

On 25 April 2024, Electrica published an announcement regarding the effect of the EGMS Resolutions on the 2023 dividend payment date.

On 30 April 2024, Electrica published a current report regarding the final settlement of DEER case no. 375/1285/2021.

On 30 April 2024, Electrica published the preliminary key operational indicators for Q1 2024.

On 2 May 2024, Electrica published a current report regarding the estimated impact of the final settlement of DEER case no. 375/1285/2021.

### **Transactions with related parties**

After 31 March 2024, Electrica published another three current reports according to art. 108 of Law no. 24/2017 regarding the transactions concluded between DEER – EFSA, EFSA – TEL and EFSA – OPCOM.

All these current reports and auditor's reports can be found on ELSA's website, at this address: <https://www.electrica.ro/en/investors/results-and-reports/current-reports-art-108/>.

### **Treasury aspects**

#### **Loans related to third-parties**

- On April 12, 2024, was signed Additional Act no. 2 to the Credit Facility Agreement Multiproduct no. 20220406018, concluded by EFSA and BCR, in the amount of RON 220 mn., with S.E. Electrica S.A. as guarantor (corporate guarantee), which extends the validity of the overdraft limit until April 14, 2025 and the facility for issuing letters bank guarantee until April 14, 2026.
- On April 24, 2024, was signed the Additional Act No. 5 to the Overdraft Credit Facility Agreement with the possibility of issuing bank letters of guarantee and opening letters of credit No. 61/2021, concluded by EFSA and Raiffeisen Bank SA, S.E. Electrica S.A. as guarantor, extending the validity of the overdraft limit until December 24, 2024 and the facility for issuing bank guarantee letters until December 24, 2025. At the same time, the value of the overdraft limit was temporarily increased, until December 24, 2024, by RON 50 mn.

- On April 25, 2024, was signed the Additional Act no. 4 to the Credit Agreement no. 2022012502 concluded by DEER and BCR, which extends the validity of the overdraft facility and bank guarantees, in the amount of RON 220 mn., until June 30, 2024.
- On April 26, 2024, was signed the contract GRIM/8714, concluded between EFSA and UniCredit Bank SA, S.E. Electrica S.A. as guarantor, whereby a facility for investments was granted, in the amount of RON 24.88 mn., valid until April 26, 2029.
- On May 8, 2024, was signed the contract FI No.98.007, concluded between DEER and BEI, S.E. Electrica S.A. as guarantor, whereby a facility for investments was granted, in the amount of EUR 15 mn., valid until July 14, 2039.

### **Intragroup loans**

- On April 9, 2024, was concluded the Loan Agreement no. 41 between S.E. Electrica S.A. and EFSA, by which it was agreed to grant a loan in the amount of RON 245 mn., for a period of 12 months, for making payments to electricity suppliers and the State Budget, as well as making payments to DEER.
- On April 10, 2024, was concluded the Additional Act no. 2 to Loan Agreement no. 73 of 10.11.2022, between S.E. Electrica S.A. and Sunwind Energy SRL, by which it was agreed to grant a loan in the amount of RON 126.5 mn., over a period of 12 months, for the implementation of the "Satu Mare 2" project.

### **Corporate guarantees within the credit facilities in force:**

- On April 26, 2024, was signed the Loan Agreement GRIM/8714, concluded by EFSA and UniCredit Bank SA, in amount of RON 24.88 mn., with S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is maximum of RON 27.37 mn..
- On May 8, 2024, was signed the Loan FI No.98.007, concluded by DEER and BEI, in amount of EUR 15 mn., S.E. Electrica S.A. as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 18 mn..

### **Litigations**

#### **Case no. 2229/2/2017\***

File no. 2229/2/2017\*, against Romanian Court of Accounts, was definitively resolved by the High Court of Cassation and Justice of 9 April 2024. Following the decision of the High Court of Cassation and Justice, the only deviation (respectively correlative measure) from the decision of the Court of Accounts no. 12/27.12.2016, partially preserved by the courts, as being fundamental and legal, is the one from point 5, measure II.7 (regarding the making of payments, between July 2013 and June 2014, in the estimated amount of RON 36,385 for expenses without a legal basis, respectively for expenses with the rent of a building classified as official residences, from which the general manager benefited, in the conditions that the housing was not granted in accordance with the law), but for the rent related to the period 17 July 2013 – 1 September 2013, respectively the amount of RON 4,571.15.

The rest of the points and correlative measures from Decision no. 12/27.12.2016, contested by Electrica, were definitively annulled by the courts, namely: - point 1 (measure II.3) - The hiring of funds in the estimated amount of RON 224,622,940 (without VAT), for the execution of works related to the objective "AMR system necessary for the measurement activity and consumption dispatcher at level Electrica SA", for which the purchased goods, although they were highlighted in the accounting, are not physically found in the patrimony



nor were they used for the activities carried out according to the object of activity, being necessary for the performance of the activity of other legal entities (the company's subsidiaries); - point 2 (measure II.4) - The unjustified increase in the expenses of technical assistance services in the estimated amount of RON 2,337,657.50 (without VAT), intended for carrying out the activities of other legal entities (distribution subsidiaries); - point 3 (measure II.5) - Unjustified increase in operating expenses with the amount of RON 74,667.60 (without VAT), representing maintenance services for the equipment located in the communications infrastructure of the subsidiaries, separate legal entities; - point 4 (measure II.6) – Unjustified increase in operating expenses with services in the estimated amount of RON 273,500 (without VAT), for which proof of their provision for the exclusive needs of the company was not provided, respectively with the value of 4 technical studies purchased for activities that are not found in the object of activity of the verified entity, being related to activities belonging to other legal entities (Electricity Distribution Subsidiaries), without being re-invoiced to them and their consideration recovered, being technically approved for the activity of electricity distribution carried out by the Electric Energy Distribution Subsidiaries (South Transilvania, North Muntenia and North Transilvania), organized as separate legal entities, a field in which the entity is not licensed by ANRE to carry out activities, nor does it own such electrical distribution networks; - partially point 5 (measure II.7), for the rent exceeding the period 17 July 2013 – 01 September 2013 - Making payments, during July 2013 - June 2014, in the estimated amount of RON 36,385, for expenses without a legal basis, respectively for expenses with the rent of a building classified as official residences, from which the general director benefited, in the conditions that the housing was not granted in accordance with the law; - point 6 (measure II.8) - Unjustified increase in expenses amounting to RON 2,400 representing land valuation services, engaged in the same year, several times, with the same valuer, for the same patrimonial elements; - point 7 (measure II.9) - Non-compliance with the legal provisions regarding good management in the use of funds, respectively the employment of services at overvalued prices by awarding a service contract to an economic operator who presented a price offer higher than other competitors.

File no. 2229/2/2017\* has as its object, mainly, the partial annulment of decision no. 12/27.12.2016, issued by the director of Directorate 2 within Department IV of the Court of Accounts, respectively regarding the irregularities found in points 1 to 8, with the consequence of removing the measures ordered in points 1, 3 to 9 inclusive, in the Electrica's charge, by the contested decision, the partial cancellation of the Conclusion no. 12/27.02.2017 of the Court of Accounts by which the appeal promoted by Electrica against the Decision 12/27.12.2016 was rejected, respectively regarding the irregularities and the measures ordered above indicated, and additionally the extension of the deadlines for the fulfillment of all the measures ordered in the Electrica task by Decision no. 12/27.12.2016 with at least 12 months.

- **Case no. 375/1285/2021**

On 23 April 2024, the High Court of Cassation and Justice definitively settled the case initiated by Grup 4 Instalatii S.A. and continued by G4 Electric S.A., as a result of the division of Grup 4 Instalatii S.A., against DEER, having no. 375/1285/2021.

On merits, the Court partially admitted the specified action and obliged the defendant to leave the plaintiff full ownership and peaceful use of the land with an area of 10720 square meters, registered in CF 297841, having no. cadastral 297841, located in Cluj-Napoca, 28A Ilie Macelar Street, 2 Uzinei Electric Street, Cluj County, as identified in the expert report, with the defendant continuing to use the land on which the C5 and C6 buildings are located, in its ownership. The court obliged the defendant to leave to the plaintiff the full ownership and peaceful use of the buildings having no. cadastral 297841 – C1, with a built-up area of 448 sqm, 297841 – C2, with a built up area of 512 sqm, 297841 – C3, with a built-up area of 171 sqm, 297841 – C4, with a built-up area of 338 sqm, located in Cluj-Napoca, 28A Ilie Macelar Street, 2 Uzinei Electric Street, Cluj County, as they were identified in the expert report drawn up in the case. At the same time, the court ordered

the registration of the ownership right in favor of the plaintiff over the land with an area of 10720 square meters, registered in CF 297841, having no. cadastral 297841, located in Cluj-Napoca, 28A Ilie Macelaru Street, 2 Uzinei Electric Street, Cluj County, and on the constructions with no. cadastral 297841 C1 – C4, located in Cluj – Napoca, 28A Ilie Macelaru Street, 2 Uzinei Electric Street, Cluj County, as identified in the expert report drawn up and rejects, as unfounded, the demands requesting the rectification of entries in the land register in the sense of canceling the registration decisions and erasing the defendant's property right.

On appeal, the Cluj Court of Appeal admitted the exception of illegality of the Certificate of Attestation of the Property Right series M03 no. 8696 of 28.08.2003 issued by the Ministry of Economy and Trade, invoked by the plaintiff respondents Grup 4 Instalatii SA and G4 Electric SA and rejecting the appeal made by DEER.

In recourse, the Court found null the recourse declared by the Ministry of Economy, Entrepreneurship and Tourism against civil decision no. 243A/2023 of September 28, 2023, pronounced by the Cluj Court of Appeal and definitively reject the DEER appeal.

- The object of the litigation was the obligation of DEER to recognize and respect the property rights of G4 Instalatii S.A. regarding the buildings located in Cluj Napoca, 28A Ilie Macelaru Street, 2 Uzinei Electric Street, registered in CF 297841 Cluj Napoca with cadastral no. 297841, consisting of land with an area of 10720 sqm and constructions: construction registered in CF with cadastral no. 297841-C1, building administrative headquarters with an area of 1560 sqm; body A, building cadastral no. 297841-C2 - 512 sqm, body B, building cadastral no. 297841 -C3 - 171 sqm, building C, building cadastral no. 297841 - C4 - 338 sqm, building D, building cadastral no. 297841-C6 - 348 sqm - 110/10 Kw Transformer Station. At the same time, the handover of the above buildings and the rectification of the CF registrations were requested in the sense of canceling the closings of the tabulation by which the property right of DEER was registered, the deletion of the property right from the CF, the registration of the property right in favor of G4 Instalatii.

### 2.3. Summary of financial indicators

A summary of the main financial indicators is presented below:

- In the three month period ended 31 March 2024, EBITDA increased by RON 252.0 mn. as compared with the same period of 2023, recording a positive value of RON 400.8 mn. compared to RON 148.7 mn. in previous year;
- The capital expenses in Q1 2024 were of RON 243.0 mn., increasing by approx. RON 65.8 mn., compared to RON 177.3 mn. in Q1 2023, in line with the annual evolution of the approved investment plans and the investment plan allocation throughout the year;
- The operating result recorded in Q1 2024 is RON 249.3 mn., an increase of RON 227.8 mn. compared to the same period last year, when the Group recorded an operating profit of RON 21.5 mn.. The increase is mainly due to the performance of the distribution segment, where the decrease in electricity costs for NL coverage is determined by the implementation of MACEE and the increase in tariffs on the distribution segment which was both due to ANRE order no. 115/2023 in which distribution tariffs were higher by approx. 6.8% compared to the last tariffs which increased in Q2 2023, and the fact that starting Q2 2023 according to GEO 28/2023 distribution tariffs were higher by approx. 20% (26.1% MN area; 21.5% TN area and 10.9% TS area) compared to the corresponding tariffs in Q1 2023.
- The cost of electricity purchased significantly decreased by RON 1,299.4 mn., or 45.7%, to RON 1,543.1 mn. in the three month period ended 31 March 2024, compared to RON 2,842.5 mn. recorded in the comparative period, mainly as a result of the decrease of the electricity purchase price on the supply segment plus the

decrease of electricity costs to cover the NL for the distribution segment as a result of the implementation of the MACEE.

- In Q1 2024, revenues from the electricity supply segment decreased by RON 423.9 mn., or 20.8%, compared to the same period last year, to RON 1,614.9 mn. (of which RON 1,613.8 mn. revenues with customers outside the group), mainly as a result of lower sales volumes (by 5% in electricity) and lower purchase cost (by 54% in electricity). The decrease in the cost of acquisition was manifested in the forward and DAM markets. This decrease is also propagated in the decrease of the sales revenue (by approx. 19% - electricity) and the decrease of the subsidy revenue (by approx. 68% - electricity) because, according to GEO 27/2022, as amended, the final price to be invoiced to customers is the minimum value between the capped price, the contract price and the final price calculated with the cost plus method (i.e. realized purchase cost + supply component); the contribution of the supply segment to the Group's consolidated revenues is in the proportion of 72.2%;
- Revenue from the distribution segment increased by RON 273.6 mn., or 31.9%, to RON 1,130.6 mn. (out of which RON 604.1 mn. external revenues), compared to Q1 2023; the contribution of the electricity distribution segment to the Group's consolidated revenue is 27.0%.

## 3. Organizational Structure

### 3.1. Group Structure

The Electrica Group is one of the main distributors and suppliers of electricity on the Romanian market.

The main activity segments of the Group consist of the distribution of electricity to users, the supply of electricity to domestic and non-domestic consumers, the segment of services related to external distribution networks as well as the segment regarding the production of electricity from renewable sources.

Currently, the Group includes the parent company of the Group, Societatea Energetica Electrica SA ("ELSA") and the following subsidiaries and associated entities:

- **Distributie Energie Electrica Romania S.A. („DEER)** resulted from the merger through absorption of the three distribution subsidiaries Societatea de Distributie a Energiei Electrice Muntenia Nord ("SDMN"), Societatea de Distributie a Energiei Electrice Transilvania Sud ("SDTS") and Societatea de Distributie a Energiei Electrice Transilvania Nord ("SDTN"), the last one being the absorbing company. DEER is the main electricity supplier in Transilvania Nord area (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita Nasaud counties), Transilvania Sud area (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties) and Muntenia Nord area (Prahova, Buzau, Dambovita, Braila, Galati and Vrancea counties), ensuring the service of network users by operating the installations that work at 0.4 kV to 110 kV (power lines, substations and transformation stations). DEER holds exclusive distribution licenses for the aforementioned regions, which have a validity period until 2027, with the possibility of extension for a period of 25 years;
- **Electrica Furnizare S.A. („EFSA")**, company whose main activity is the supply of electricity to final consumers. EFSA holds an electricity supply license that covers the entire territory of Romania, which was renewed in 2021 for a period of 10 years, and a license for carrying out the activity of natural gas supply, valid until 2022. In view the expansion of the economic activities of Electrica Furnizare S.A. (EFSA) in Hungary, the electricity trading license was granted by the Hungarian Energy and Public Utilities Regulatory Authority (MEKH) for Electrica Furnizare, by Decision no. H879/2022. Also, the Group holds a natural gas supply license valid until 2032.
- **Electrica Serv S.A. („SERV")** starting on 30 November 2020, the company absorbed Servicii Energetice Muntenia SA ("SEM"), following a merger process. SERV provides repair services and other related services to third parties and various services to the companies in the group (car rental, building rental, etc.).
- **Sunwind Energy S.R.L. („SWE")** is developing the photovoltaic project "Satu Mare 2" with a designed installed capacity of 27 MW, located near Satu Mare and became subsidy on 21 March 2022 as a result of ELSA owning 60% of shares. On 24 March 2023, ELSA bought the remaining shares up to 100%;
- **New Trend Energy S.R.L. („NTE")** develops the photovoltaic project "Satu Mare 3", with a designed capacity of 59 MW, located near Satu Mare and became subsidy on 27 May 2022 as a result of ELSA owning 60% of shares.
- **Foton Power Energy S.R.L. („FPE")** develops the photovoltaic project "Bihor 1", with a designed installed capacity of 77.5 MW, located near Oradea city and became subsidy on 31 July 2023 as a result of ELSA owning 60% of shares.

**Table 2. ELSA's subsidiaries**

Subsidiary	Activity	Sole registration code	Head Office	% shareholding as at 31 March 2024
Distributie Energie Electrica Romania S.A. („DEER”)	Electricity distribution in geographical areas Transilvania Nord, Transilvania Sud and Muntenia Nord	14476722	Cluj-Napoca	99.99999929%
Electrica Furnizare S.A. („EFSA”)	Electricity and natural gas supply	28909028	Bucuresti	99.9998444099934%
Electrica Serv S.A. („SERV”)	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	99.9998095%
Sunwind Energy S.R.L. („SWE”)	Production of electricity	42910478	Constanta	100%
New Trend Energy S.R.L. („NTE”)	Production of electricity	42921590	Constanta	60%
Foton Power Energy S.R.L. („FPE”)	Production of electricity	43652555	Constanta	60%

Source: Electrica

**Table 3. ELSA's associates**

Associate	Activity	Sole registration code	Head Office	% shareholdings as of 31 March 2024
Crucea Power Park S.R.L.	Production of electricity	25242042	Constanta	40%

Source: Electrica

**Crucea Power Park S.R.L. („CPP”)** develops the wind project “Crucea Est”, with a designed installed capacity of 121 MW and a projected electricity storage capacity of 60 MWh (15 MW x 4h), located outside the Crucea commune, Constanta county.

**Table 4. Long term investments owned by ELSA**

Company	Activity	Sole registration code	Head Office	% shareholding as at 31 March 2024
CCP.RO Bucharest S.A. („CCP.RO”)	Financial brokerage activities, exclusively insurance activities and pension funds (risk management through derivative products on the energy market)	17777754	Bucuresti	7.72%

Source: Electrica

- On 8 December 2022, the effective subscription was made in the amount of RON 7 mn., equivalent to 8.06% of the share capital of the company CPP.RO Bucharest S.A. after the increase of the share capital, CCP.RO thus becoming a financial investment owned by ELSA for the long term. Following the completion of the share capital increase process approved by the EGMS of the Company on 29 May 2023, in which ELSA did not participate, ELSA's holding in the share capital of CCP.RO was reduced to 7.72% as of 18 August 2023.

### 3.2. The main elements of the Strategic Plan for the period 2024 – 2030

The results of the Corporate Strategy for 2019-2023 were the starting point for the analyses and debates necessary to develop the Corporate Strategy for 2024-2030. The Board of Directors approved the new strategic directions and objectives, the document being available on the company's website in the section Investors > Strategy overview > [Key elements of Electrica Group's Strategy for 2024-2030 – document published on December 22, 2023](#).

The main strategic directions assumed are:

- ❖ Contribution to a green economy transition
- ❖ Promoting network security and business sustainability
- ❖ Accelerating the digital transition in the Group's operations. By adopting strategic directions, aligned with those at national and European level, Electrica Group could play an important role in transforming the energy sector, contributing to a new era of energy that is sustainable, efficient and environmentally friendly.

Governance and investor relations remain in focus for the Group, pursuing continuous improvement and implementation of best practices in corporate governance and investor relations.

The general objectives proposed within the corporate strategy cover all Group operations and constitute the response adapted to new trends and market requirements:

1. Diversification of renewable energy sources → Active contribution to large-scale projects to increase the share of renewable energy sources in the national energy mix through significant investments in the development and implementation of renewable energy technologies, such as solar, wind, CCGT and hydrogen potential, including energy storage solutions.
2. Implementing ESG in business models → Implementing a comprehensive governance framework for stakeholder engagement, while promoting sustainable practices across the Group, actively participating in initiatives aimed at reducing greenhouse gas emissions and combating climate change, investing in training programs and education to ensure a workforce prepared for the new requirements of the energy sector, awareness and education initiatives for communities and customers on the benefits and importance of sustainable energy.
3. Sustainable electrification and modern infrastructure → Investment in automation and development of smart grids for efficient grid management and smart energy distribution, as well as to support the transition to renewables, promoting sustainable mobility through investments in charging infrastructure for electric vehicles.
4. Energy efficiency and customer solutions → Implementing extensive energy efficiency programs in the Group's operations and integrating digital technologies for optimizing and efficiently monitoring energy consumption, integrating innovative services, customized energy solutions and educational programs for customers in order to reduce energy consumption.
5. Digitalization and innovation → Automating business processes and integrating them on interconnected platforms to increase operational efficiency, develop virtual communication channels to improve customer experience, support innovative initiatives and develop strategic partnerships with other companies and organizations to share expertise and collaborate on innovative projects that contribute to the modernization of the organization and the transformation of the sector energetic.

In addition to traditional areas of interest, namely electricity distribution, electricity and natural gas supply and energy services, there is a high interest in developing new activities based on innovative technology, while continuing to monitor and analyze growth opportunities through mergers or acquisitions. It also aims at a closer relationship with customers, based on skills development, but also on an offer of products and services in line with their needs.

Also, an important role will be played by optimizing IT&C support functions and aligning with industry-specific trends and solutions. In this context, beyond the digitization of processes and their integration into IT platforms, the development of smart grids, the integration of smart meters into the rhythm of their implementation plan, support for the operationalization of prosumers, etc. are foreseen in the distribution area. In the supply area, the development of a customer-friendly interface, the automation of contracting, reporting and invoicing processes and data exchange with all distributors in Romania are critical elements supported by IT&C in order to ensure strategic advantages for the Group's business segments.

The corporate governance framework continues to improve, closely following the Corporate Governance Action Plan established with the EBRD since 2014. It was approved the establishment of the Climate Governance and Public Policy Committee in order to prepare the necessary framework for implementing initiatives that contribute to achieving the EU's objective of zero greenhouse gas emissions by 2050 and ensuring the long-term resilience of the companies within the Group, in light of potential structural changes in the business environment, arising from climate change.

From a process-oriented culture to a results-oriented and customer-centered culture, through leadership and improving employee satisfaction, we aim to realign the culture with the vision, mission and core values of the organization to achieve the strategic objectives proposed in the horizon 2024-2030.

We are dedicated to cultivating a culture that embraces diversity, we remain committed to creating the most equitable and inclusive workplaces, advancing diversity representation at every level of the organization.

By translating general strategic objectives into objectives and plans of specific initiatives, at the level of each Subsidiary, the organization adapts to market conditions, customer expectations and the rapid pace of technology so as to deliver value consistently.

### **Distribution segment**

In the distribution segment, the organizational transformation process initiated in 2017 was consolidated by the legal merger of the three Distribution Operators of the Group in 2020, under the umbrella of Distribuție Energie Electrica Romania SA (DEER). The post legal merger integration facilitated the adaptation and improvement of processes and technology according to the new strategy (horizon 2019-2023) and the program of measures related to the integration.

The current strategy, approved last December, is based on three main pillars: sustainable growth of the company's value, transformation and sustainability through the implementation of ESG principles and organizational excellence programmes, and efficiency through increased network security, digitalization and improved business resilience.

The long-term strategy is designed to position us at the forefront of the national energy transition and to contribute to the achievement of the 2030 and 2050 targets, not only responding to current challenges but also anticipating the future of the energy sector.

Strategic objectives at the Group level include diversifying renewable energy sources, with a focus on generation and storage, to contribute to the transition to a green economy and to offer a variety of services such as energy efficiency solutions and exploring regional growth opportunities.

Considering the market context and unpredictable situations, adaptability is a key element of long-term strategy. Thus, in the Distribution segment, we aim to develop smart grids and increase their flexibility to meet the needs of consumers and to integrate electric vehicles. We aim to increase network security, accelerate the digitisation process and improve business resilience to meet future market challenges.

Within the strategy there is a strong focus on the implementation of ESG (Environmental, Social, Governance)

principles and the development of organisational excellence programmes. In view of the geopolitical crisis in 2022, which has led to a steep rise in energy prices, we are also focusing on streamlining operational costs and securing funding sources for future investments.

Ultimately, our strategy is a response to changes in the energy sector and market needs, and the need for continuous adaptation and innovation remains at the heart of our actions.

Establishing a predictable and incentivising regulatory framework for the fifth regulatory period will boost investments in the modernisation, automation and digitalisation of distribution networks to meet the requirements of a sustainable energy infrastructure.

To finance investments in the Distribution segment, investment financing mechanisms will be optimised, using both own sources and European funding programmes, which are opportunities for upgrading networks and transforming them into smart grids, which will be reflected both in improved network resilience and increased operational efficiency.

### **Supply segment**

At the end of 2023, Electrica Group set up the main strategic directions for the period 2024-2030. Thus, the strategic objectives related to supply segment emerging from the group's strategy are: services diversification, ESG large-scale implementation, digitalization and innovation and operational excellence.

During 2024-2030 period, Electrica Furnizare aims to become a leader in offering a superior digital experience to its customers. In that respect, the main focus will be on process automation, end-to-end digitalization of customer interaction on online platforms, online store development, internal platform development and digital skills training and development.

The main action areas are: personalisation and flexibility, by offering tariff plans and customizable options for consumers according to their lifestyle and specific needs, strategic partnerships with companies in complementary fields and education and awareness (through constant concern for educational content development and promotion on the following topics: energy efficiency, energy saving and environmental impact, as well as taking involvement actions in community on the same topics).

### **Services segment**

Electrica Serv will multiply its efforts to develop the market for "green energy" power generation solutions - photovoltaic power plants and reactive energy compensators - by strengthening the partnership with Electrica Furnizare in finding solutions and opportunities for customer efficiency, through the installation of photovoltaic panels and reactive energy compensators, smart lighting solutions, backup power, smart metering.

Electrica Serv's main objectives for the current year and the next period are:

- Repositioning the operational staff structure and reprioritizing business lines;
- Reducing administrative overheads, production costs, material, services and labour costs;
- Continue to implement the plan to recover unused assets;
- Significant improvement of asset management, by renting or selling "non-core" assets;
- Continuing the development of projects for the implementation of new activities: installation of B2B/B2C photovoltaic plants, reactive energy compensation, power supply stations, smart-metering solutions;
- Creation of a structure of qualified personnel for the implementation of construction works for the installation of photovoltaic power plants;
- Reducing additional labour costs through a fair and efficient distribution of existing staff;



- Efficiency of maintenance works and compliance with the required conditions so that the result leads to "zero penalties".

### Other elements of the strategic plan at group level

Ethics remains a priority for the organization, as a prerequisite for the sustainable development of the Electrica Group. In the medium term, the aim is to develop a culture of ethics in the Electrica Group, by moving from the reactive stage to the integrity stage, by internalizing ethical standards and the organization's values, understanding the role of ethics as a factor that enhances value and ensuring a permanent internal control system involving all the company's staff.

CSR (Corporate Social Responsibility) activities continue to be one of the Electrica Group's priorities, with key areas being supported through numerous initiatives undertaken by Group companies.

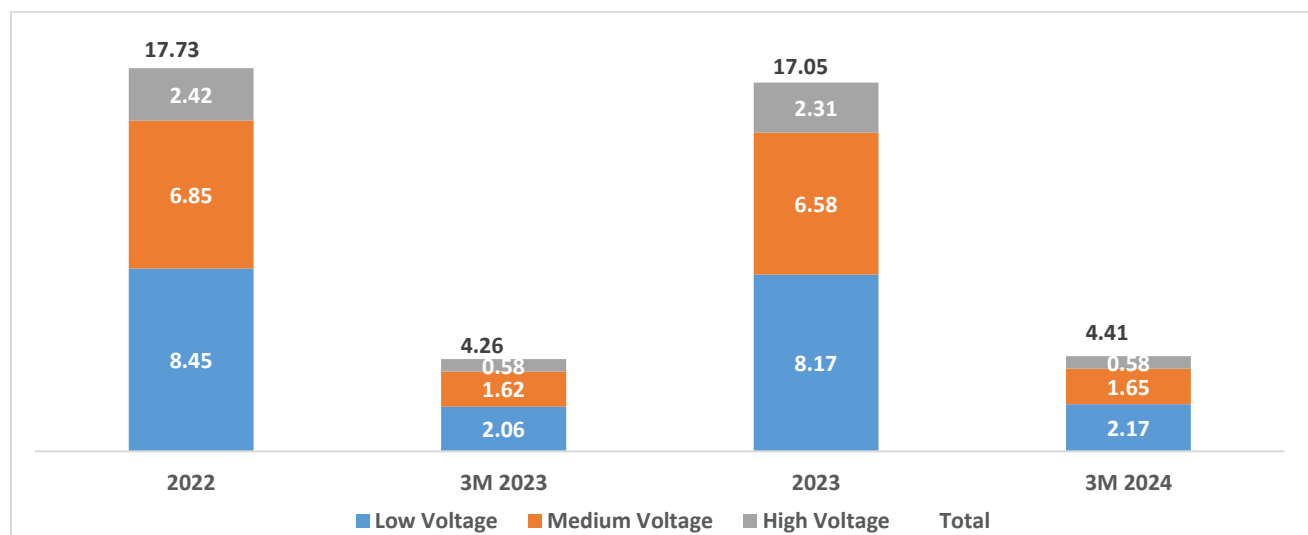
## 3.3. Key information by segments

### Distribution segment

#### Information for the period ended 31 March 2024

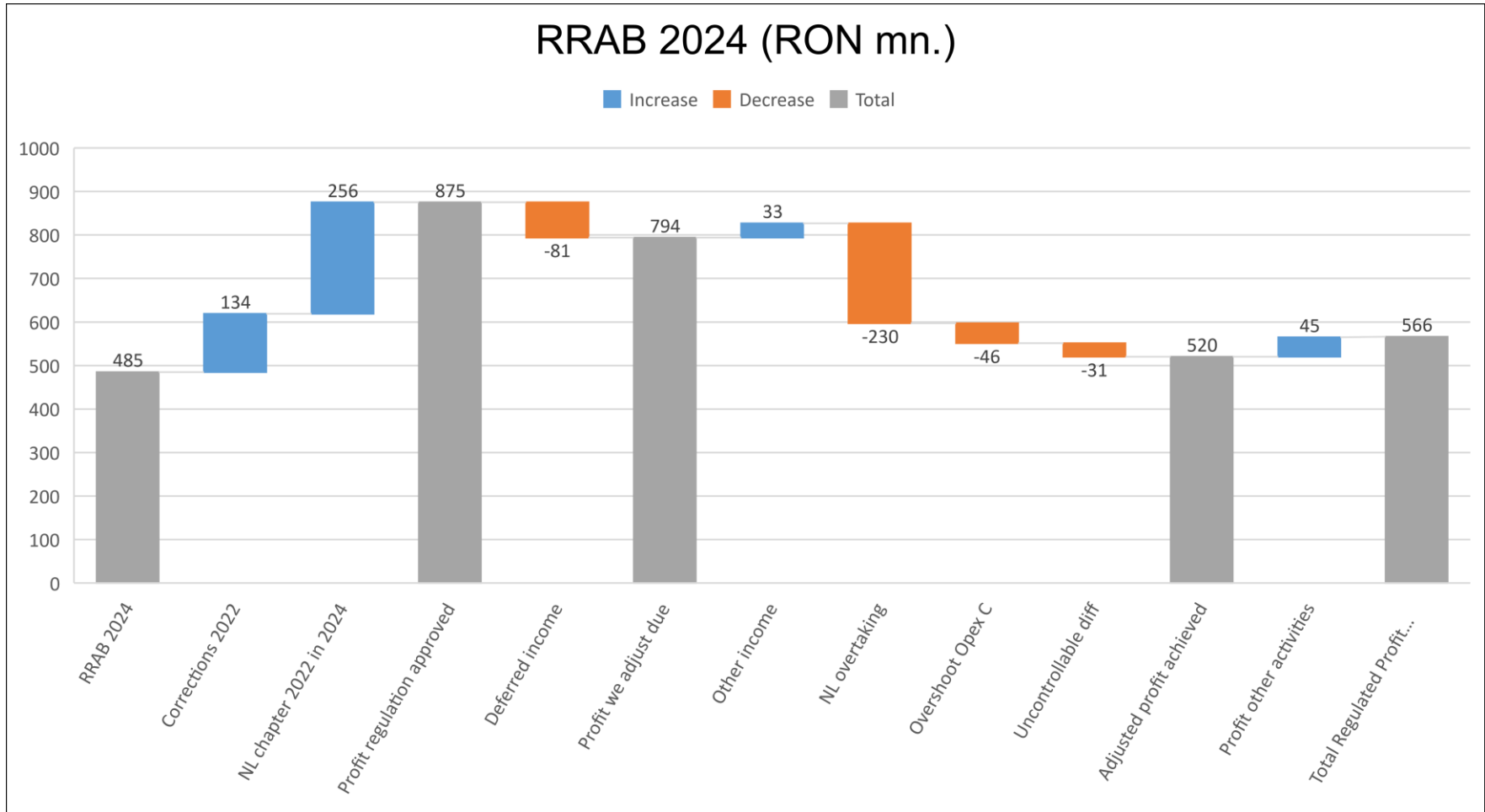
- The estimated Regulated Assets Base (RAB), in nominal terms, with inflation of 4.6% for the year 2024, estimated at the end of the first quarter of the year 2024 was RON 7.4 bn;
- 203,545 km of electric lines – 7,604 km for High Voltage ("HV"), 46,974 km for Medium Voltage ("MV") and 148,967 km for Low Voltage ("LV");
- Total area covered: 97.196 km<sup>2</sup>, 40.8% of Romania's territory;
- 3.9 mn. users for the distribution activity;
- 4.41 TWh of electricity distributed in the first quarter of the year 2024, a increase of 3.4% as compared to the first quarter of the year 2023.

Figure 1: Quantity of electricity distributed on voltage levels (TWh)



Source: Electrica

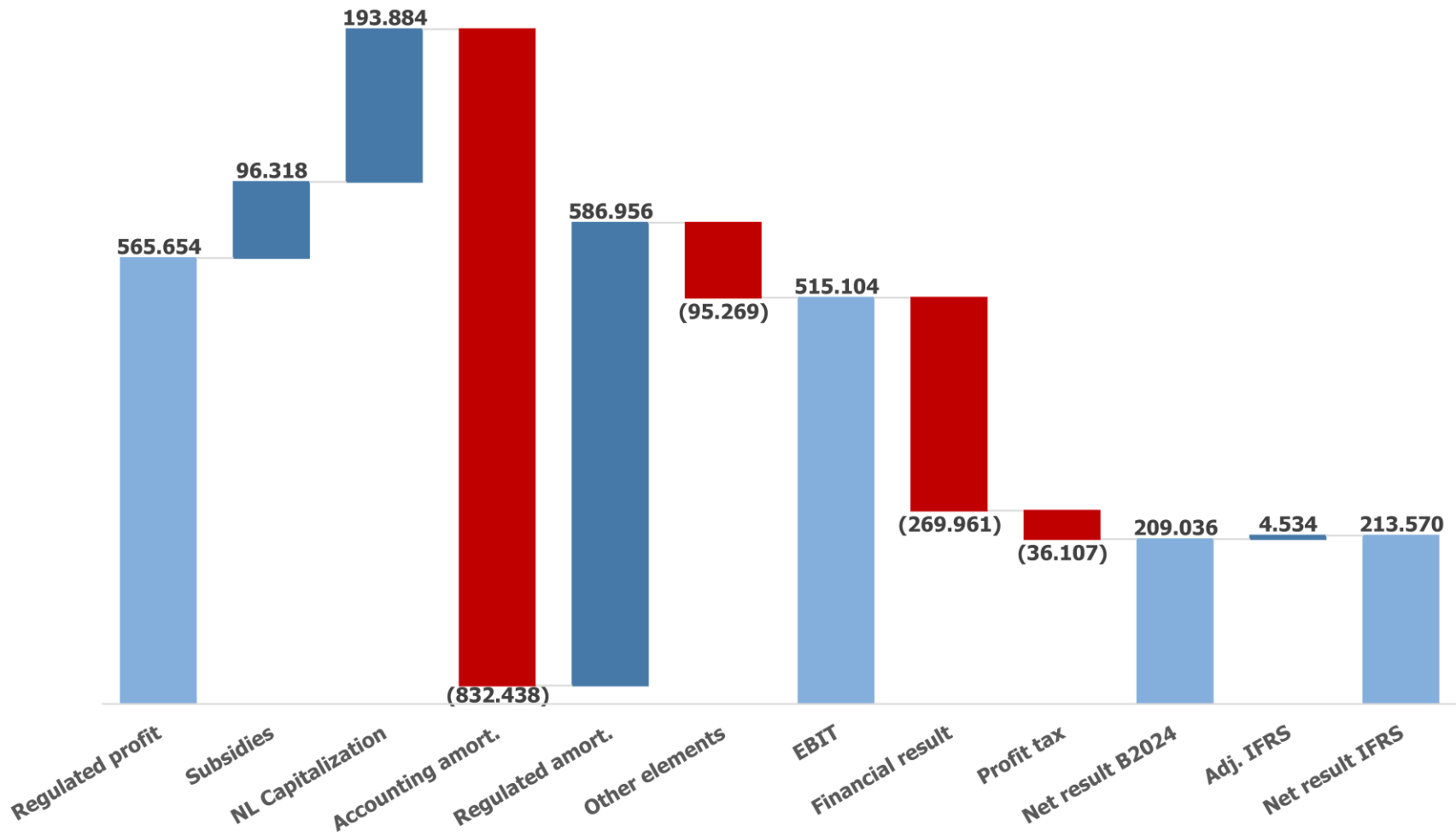
Figure 2: RRAB analysis of the distribution segment result for the year 2024 (RON mn.)



Source: Electrica

\* RRAB analysis of the distribution segment result for the year 2024 (RON mn.)

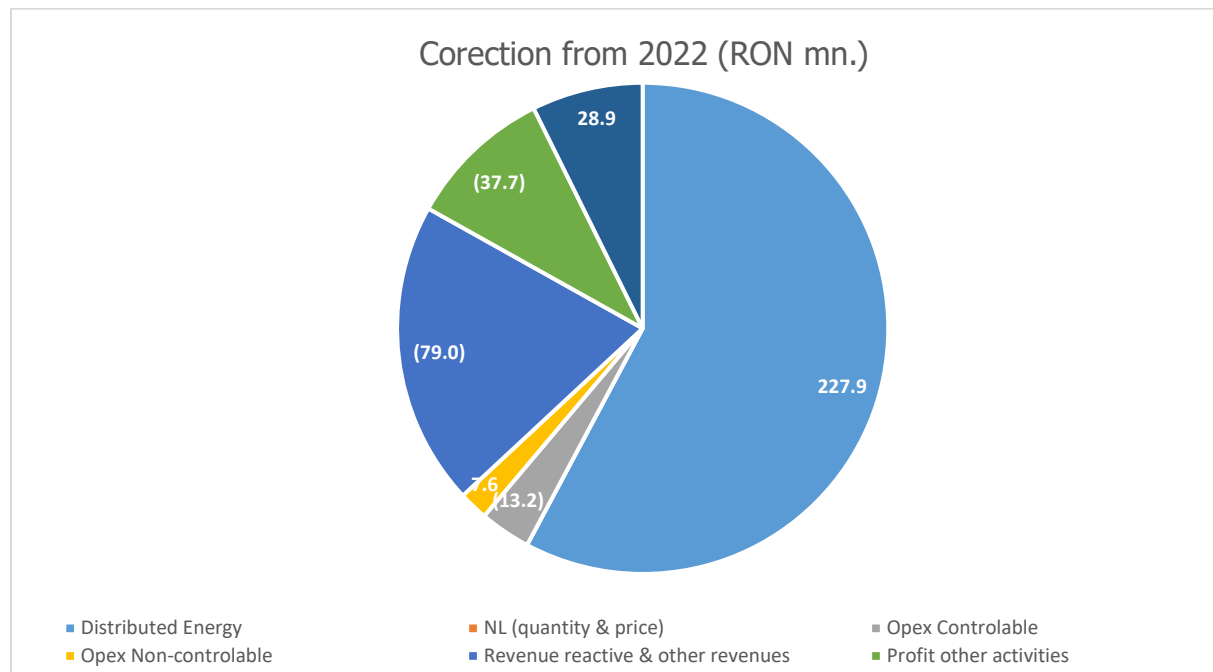
Figure 3: Analysis of regulated profit – IFRS budgeted result for the distribution segment for the year 2024 (RON mn.)



Source: Electrica

The corrections approved by ANRE that affect the tariffs for the year 2024 are positive in the amount of RON 390 mn., of which the positive corrections related to the year 2022 of RON 134 mn. are reflected by components in the graph below:

**Figure 4: Corrections approved by ANRE that affect the tariffs for the year 2024 (RON mn.)**



Source: Electrica

To the positive corrections related to the year 2022, are added the positive correction of RON 256 mn. related to the component for the additional cost of NL capitalized in the year 2022.

### Supply segment

Market data (according to ANRE Report for December 2023):

- The supply market consists of competitive segment, universal service (US) and last resort (LR);
- The universal and last resort service segment includes five suppliers of last resort nominated at national level;
- Competitive segment includes 94 suppliers (including those of last resort with activity on the competitive segment of the retail market), of which 87 are relatively small (<4% market share).

Electrica Furnizare has a market share of 16.77% and on the competitive market with a share of 10.45% (ANRE report December 2023). By comparison, in 2022 Electrica Furnizare had a total electricity market share of 17.96% and a competitive market share of 12.79% (ANRE report December 2022).

## 4. Shareholders' Structure

Until July 2014, the Romanian State, through the Ministry of Economy, Energy and Business Environment, was the sole shareholder of ELSA. As of 4 July 2014, after the Initial Public Offering, the Company's shares are listed on the Bucharest Stock Exchange (BSE – ticker EL), and the Global Depository Receipts are listed on the London Stock Exchange (LSE – ticker ELSA).

Subsequently, a secondary public offer took place, which ended on 3 December 2019, during which a total number of 208,554 new shares were subscribed, with a nominal value of RON 10 and a total nominal value of RON 2,085,540.

As of 31 March 2024, the ownership structure according to the Central Depository records (Romanian: *Depozitarul Central*) is presented below.

**Table 5. Ownership structure**

Shareholder	Number of shares	Stake held (% of the share capital)	Percent of voting rights (%)
The Romanian State, through the Ministry Energy, Bucharest, Romania	169,046,299	48.7948%	49.7850%
The European Bank for Reconstruction and Development	10,423,457	3.0087%	3.0698%
Electrica SA	6,890,593	1.9890%	-
BNY MELLON DRS, New York, USA	2,010,808	0.5804%	0.5922%
Other legal entities*	140,547,720	40.5687%	41.3920%
Individuals	17,524,720	5.0585%	5.1611%
<b>TOTAL</b>	<b>346,443,597</b>	<b>100.0000%</b>	<b>100.0000%</b>

Source: Central Depository, Electrica

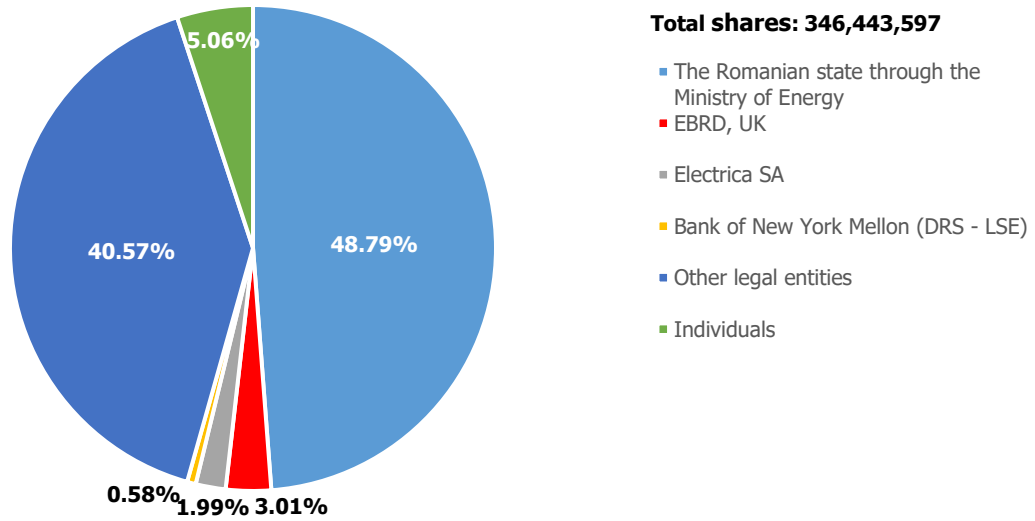
Note 1: Shares with voting rights - 339,553,004, representing the total number of shares (346,443,597) without the number of own shares held by Electrica (6,890,593), for which the voting right is suspended

\*Paval Holding, NN Group NV and Allianz SE hold, directly or indirectly, between 5% and 10% of the total number of shares with voting rights

The shares presented to be held by the Bank of New York Mellon represent the global depository receipts (GDRs) owned by ELSA shareholders that are traded on the London Stock Exchange (LSE). A global depository receipt represents four shares. The Bank of New York Mellon is the depository bank for these securities.

Following the stabilization process after the June 2014 IPO, ELSA owns 6,890,593 of its shares, representing 1.989% of the total share capital at 31 December 2022, with suspended voting rights, which does not entitle ELSA the right to receive dividends.

Figure 5: Ownership structure as of 31 March 2024



Source: Central Depository, Electrifica

At the end of March 2024, ELSA’s shares were owned by a total of 13,637 shareholders, of which 252 legal entities and 13,385 individuals from 33 countries. 93.49% of the total number of shares (323,901,544 shares) were owned by investors with residence in Romania. Thus, foreign shareholders held 6.51% of the share capital (22,542,053 shares), the largest weight being represented by European citizens. Shareholders in the United Kingdom and Ireland held 3.28% of share capital, while those in the USA held 2.05%, in this category being included also the GDRs holders.

## 5. Operational Results

The following table presents the the condensed consolidated statement of profit or loss.

**Table 6. Consolidated statement of profit or loss (RON mn.)**

Indicator	31 March 2024 (not reviewed or audited)	31 March 2023 (not reviewed or audited)	Variation (abs)
Revenues	2,234.0	2,495.0	(261.0)
Other income	335.8	1,016.5	(680.8)
Electricity, natural gas and merchandise purchased	(1,543.1)	(2,842.5)	1,299.4
Construction costs	(225.9)	(171.3)	(54.7)
Employee benefits	(234.8)	(206.8)	(27.9)
Repairs, maintenance and materials	(16.9)	(30.6)	13.7
Depreciation and amortization	(151.4)	(127.2)	(24.2)
Other operating expenses	(148.3)	(111.6)	(36.7)
<b>Operating result</b>	<b>249.3</b>	<b>21.5</b>	<b>227.8</b>
Finance income	1.6	6.5	(4.9)
Finance costs	(81.1)	(71.0)	(10.2)
<b>Net finance cost</b>	<b>(79.5)</b>	<b>(64.4)</b>	<b>(15.1)</b>
Share of the result of the associates	0.0	0.0	-
<b>Result before tax</b>	<b>169.8</b>	<b>(43.0)</b>	<b>212.7</b>
Income tax benefit/(expense)	(42.1)	(0.1)	(42.0)
<b>Net result</b>	<b>127.7</b>	<b>(43.0)</b>	<b>170.7</b>

Source: Electrica

### Key financial indicators for the period ended 31 March 2024:

- **Revenues: RON 2.2 bn.**, decrease of RON 261.0 mn. as compared with Q1 2023;
- **EBITDA: RON 400.8 mn.**, a RON 252.0 mn. increase compared to same period of last year;
- **EBIT: RON 249.3 mn.**, a RON 227.8 mn. increase compared to Q1 2023;
- **EBT: RON 169.8 mn.**, improved by RON 212.7 mn. compared with Q1 2023;
- **Net result: profit of RON 127.7 mn.**, an increase of RON 170.7 mn. y-o-y.

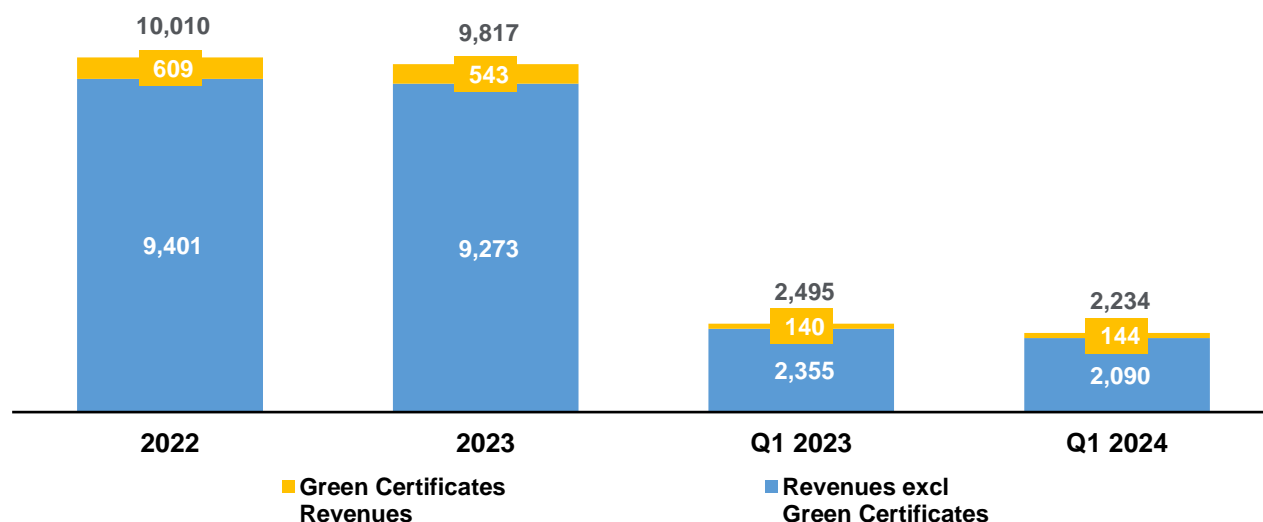
### Revenues and other income

Electrica's revenues and other income for the three month period ended 31 March 2024 and 31 March 2023 amounted to RON 2,569.7 mn. and RON 3,511.5 mn., respectively, representing a decrease of approx. RON 941.8 mn., or 26.8%; the variation is mainly generated by the evolution of other operating income, mainly subsidies. Other operating income recorded in Q1 2024 compared to Q1 2023, a decrease of 680.8 mn. RON related to subsidies recoverable from the Ministry of Energy, according to GEO 27/2022, as subsequently amended, the final

price to be invoiced to customers is represented by the minimum value between the capped price, the contract price and the final price calculated with the cost plus method (i.e. realized purchase cost + supply component). The decrease in subsidy revenue is closely correlated with the decrease in electricity purchase costs in the supply segment.

### Revenues

Figure 6: Revenue for Q1 2024 and comparative information (RON mn.)



Source: Electrica

The revenues decreased by RON 261.0 mn., or 10.5%, being the net effect of the following main factors:

- decrease of RON 423.9 mn. on the supply segment;
- internal revenue (from the Group): the Group's revenues increased by RON 108.4 mn;
- RON 273.6 mn. increase of the distribution segment's revenues;
- decrease of RON 0.5 mn. of the services segment's revenues;
- decrease of RON 1.9 mn. of the production segment's revenues.

During the three months period ended 31 March 2024, revenues from the electricity distribution segment increased by approx. RON 273.6 mn., or 31.9%, to RON 1,130.6.0 mn., from RON 857.0 mn. in the same period of the previous year, as a result of the following factors:

- favorable impact of approx. RON 214.3 mn., from the increase in tariffs on the distribution segment which was motivated by the ANRE order no. 115/2023 in which distribution tariffs were higher by approx. 6.8% compared to the last tariffs increased in Q2 2023, and to the fact that starting Q2 2023 according to GEO 28/2023 distribution tariffs were higher by approx. 20% (26.1% MN area; 21.5% TN area and 10.9% TS area) compared to the corresponding tariffs in Q1 2023, a positive effect to which is added the increase in electricity volumes distributed by approx. 3.4%;
- favorable impact from the evolution of revenues recognized in accordance with IFRIC 12 - the revenues from electricity distribution segment are influenced by the recognition of investments into the network under concession agreements, these revenues increasing in Q1 2023 by RON 59.3 mn., compared to the same period last year.



Regarding the supply segment, the revenue from the electricity supply and natural gas decreased by RON 423.9 mn., or 20.8%, to RON 1,614.9mn., from RON 2,038.8 mn. in Q1 2023.

The change in supply segment revenues is mainly generated by the effect of lower sales volumes (by 5% in electricity) and lower purchase costs (by 54% in electricity). The decrease in the cost of acquisition was seen in the forward and DAM markets. This decrease is also propagated in the decrease of the sales revenue (by approx. 19% for electricity) and the decrease of the subsidy revenue (by approx. 68% - electricity) because, according to GEO 27/2022, as amended, the final price to be invoiced to customers is the minimum value between the capped price, the contract price and the final price calculated with the cost plus method (i.e. realized purchase cost + supply component).

### Electricity and gas purchased

In Q1 2024, the expense for electricity and gas purchased decreased by RON 1,299.4 mn., or 45.7%, to RON 1,543.1 mn., from RON 2,842.5 mn. in the comparative period.

This variation is the net impact of the increase of electricity costs on the supply segment, and by the decrease in electricity costs for NL coverage on distribution segment.

The table below presents the structure of the electricity, gas and merchandise purchased for the indicated periods:

**Table 7. Structure of the electricity, gas and merchandise purchased (RON mn.)**

Three month period ending 31 March (RON mn.)	2024	2023	%
Electricity purchased to cover network losses	315.5	377.4	-16.4%
Electricity and gas purchased for supply	1.006.3	2,247.4	-55.3%
Transmission and system services related to supply activity	77.6	72.6	6.8%
Cost of merchandise	-	5.1	-100%
Green Certificates	143.7	140.0	2.6%
<b>Total electricity purchased</b>	<b>1,543.0</b>	<b>2,842.5</b>	<b>-45.7%</b>

Source: Electrica

The cost of the electricity purchased for supply (including transmission and system services) decreased by RON 1,237.4 mn., or 50.2%, to RON 1,227.5mn. in Q1 2024, from RON 2,464.9 mn. recorded in Q1 2023.

The average trading price of energy on the Day-Ahead-Market (DAM) in Q1 2024 decreased by about 42%, from 632.21 RON/MWh average price recorded in Q1 2023 to 366.52 RON/MWh.

The over-taxation of revenues from the sale of energy by producers/traders and the obligation of large producers to sell energy produced exclusively through the EU ETS resulted in a reduced number of transactions in the wholesale market.

Green certificates' (GC) cost is recognized in the statement of profit and loss based on the quantitative quota set by the regulatory authority and influenced by GC amount that the Group has to purchase for the current year and GC purchase price on the centralized market. The green certificates cost is a pass-through cost.

In order to fulfil the legal obligations for the acquisition of green certificates (GC) and considering the observance of the Internal Procurement Procedure, in the first quarter of 2024, the cost of GC acquisition decreased by RON 31,3 mn. (decrease from RON 109,9 mn. to RON 79,6 mn.), respectively a decrease of 27.56% compared to the same period of 2023.

This variation was determined by ANRE regulations regarding:

- the increase in the purchase price of green certificates by 0.30%, from 144.9861 RON/CV in 2023 to 145.4271 RON/CV in 2024;
- the increase of the rate estimated by ANRE for the purchase of GC by 0.02%, from 0.4943963 GC/MWh in 2023, to 0.4944765 GC/MWh in 2024;
- a 27.78% decrease in the amount of electricity invoiced, used at the rate for the first quarter of 2024 (electricity invoiced in Q1 2023 was 1,534,352.425 MWh, while the invoiced electricity in Q1 2024 was 1,108,130.588 MWh);

Regarding the distribution segment, in the three month period ended 31 March 2024, the cost of the electricity purchased to cover network losses decreased by RON 61.9 mn., or 16.4%, to RON 315.5 mn., from RON 377.4 mn., the evolution being generated both by a significant decrease in the electricity purchase prices as a result of the implementation of the centralized purchase mechanism MACEE, according to which the producers have the obligation to sell 80% of the available energy at a price of 450 lei/MWh (positive effect of RON 50.9 mn.) and higher volumes of electricity needed to cover network losses (negative impact of RON 11.1 mn.).

### **Construction costs**

In Q1 2024, the expenses with the construction of the electrical networks in connection with the concession contracts increased by RON 54.7 mn., or 31.9%, to RON 225.9 mn., from RON 171.3 mn. in the comparative period, being correlated with the evolution of the investments realized, related to the Regulated Asset Base, and the allocation of the investment plan throughout the year.

### **Employee benefits**

The expenses for salaries and employee benefits increased by RON 27.9 mn, or 13.5%, to RON 234.8 mn. in Q1 2024, from RON 206.8 mn. in Q1 2023, determined mainly from the increase of benefits negotiated through CCM.

### **Repairs, maintenance and materials**

In Q1 2024, the expenses with repairs, maintenance and materials recorded a decrease of RON 13.7 mn., compared with the same period of the previous year, both from the evolution of the meteorological conditions with impact in the distribution segment, and from the decrease of the expenses with the materials necessary for the new activities carried out by the energy services company.

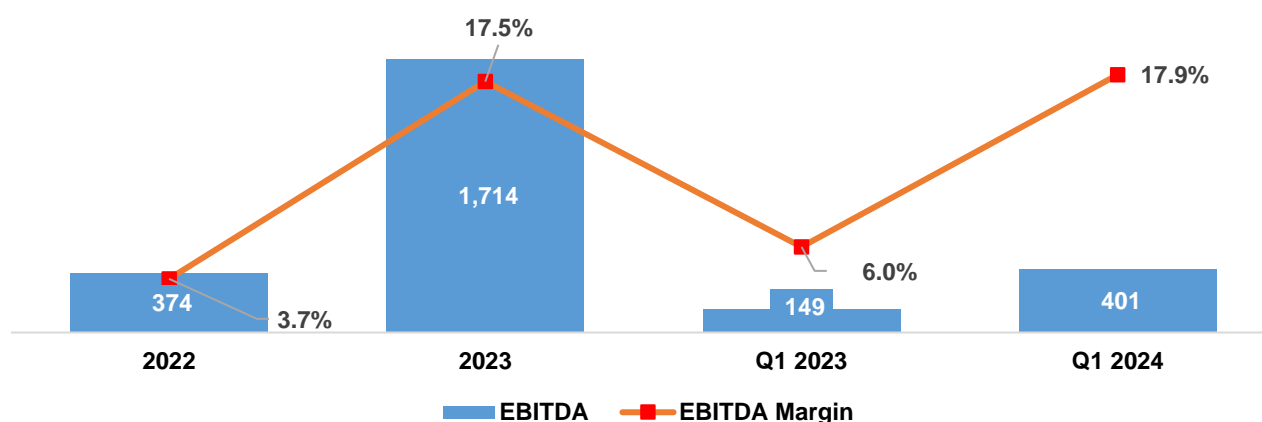
### **Other operating expenses**

In the first three months of 2024, the other operating expenses increased by RON 36.7 mn., or 32.9%, to RON 148.3 mn., from RON 111.6 mn. in the same period of 2023, mainly from:

- the variation of the impairment loss on trade and other receivables, which has a negative impact of RON 13.0 mn. in Q1 2024;
- higher operating expenses by RON 23.7 mn., especially on the supply segment.

## EBITDA and EBITDA margin

Figure 7: EBITDA and EBITDA margin for Q1 2024 and comparative information (RON mn. and %)

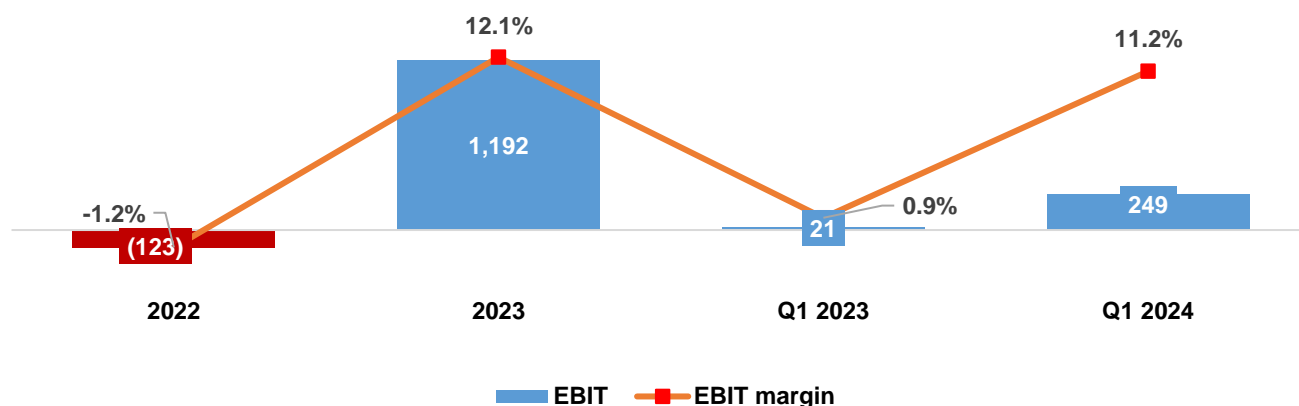


Source: Electrica

## Operating result

The Group operating result (EBIT) increased by approx. RON 227.8 mn. y-o-y, the positive evolution of EBIT generated by the decrease in electricity costs with RON 1.299,4 mn. or 45,7%, effect diminished by the decrease in revenues and other income with RON 941,8 mn..

Figure 8: EBIT and EBIT margin for Q1 2024 and comparative information (RON mn. and %)



Source: Electrica

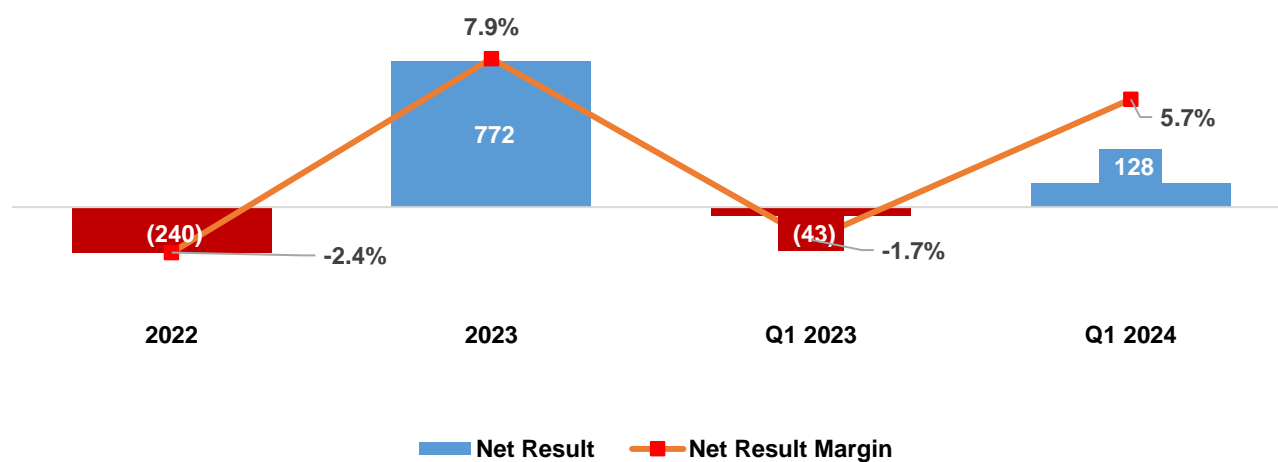
## Net finance cost

The net finance cost at group level decreased by RON 15.1 mn. in Q1 2024 compared to the similar period in 2023, mainly as a result of the increase of finance expenses of RON 10.2 mn. related to loans for pre-financing the support scheme for electricity and natural gas consumers established by GEO no. 119/2022 and the decrease in financial income by RON 4.9 mn. compared to the same period last year.

### Net result for the period

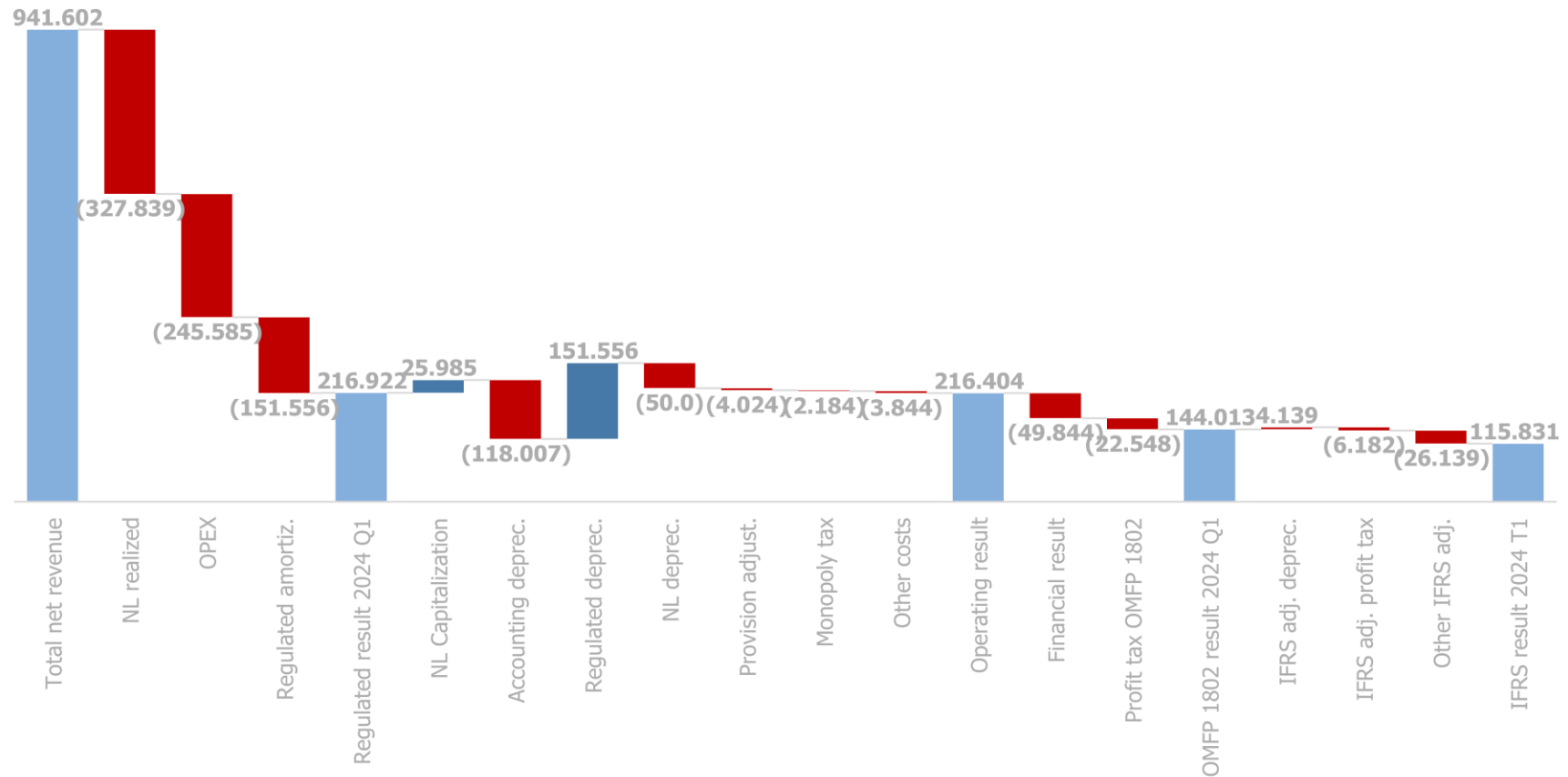
As a result of the above described factors, in the three months period ended 31 March 2024, the net result increased by RON 170.7 mn., to RON 127.7 mn. (profit), from RON -43.0 mn. (loss) as compared with the similar period from previous year.

**Figure 9: Net result and Net result margin for Q1 2024 and comparative information (RON mn. and %)**



Source: Electrica

Figure 10: Analysis of regulated net result - OMFP 1802/2014 - OMFP 2844/2016 for the distribution segment at Q1 2024 (RON mn.)



Source: Electrica

The positive regulated result of RON 217 mn. does not include the effect of the capitalization of the negative deviation of the cost of NL - in realized values this was RON 26 mn., determined for the amount of NL realized in the first quarter of 2024.

## 6. Outlook

Electrica Group operates in a key economic sector and therefore is closely monitoring both the national and the international context, in order to make the best tactical decisions in the following period and for addressing the challenges on the short and medium term.

The current strategy of the Electrica Group is built on a set of trends and assumptions, and the acceleration of digitalization is one of its objectives. Thus, it will continue the efforts already started to support investments in IT tools and automation, both for streamlining processes and for increasing the performance of its distribution networks.

Considering the energy policies developed at both EU and national level, as well as the international context of the energy markets, the following trends are expected to characterize on medium and long term the local electricity market:

- Volatility of electricity price, with an accentuated increasing trend - correlation of exogenous factors to the industry - tightening of the environmental conditions in which producers must operate, limiting primary energy sources through imperative policies, the lack of policies to stimulate the emergence of new producers – as well as some endogenous ones - the tendency to sell only for short periods and congestion in the balancing and peak area - accentuates price volatility and the increasing trend;
- The ascending evolution, extremely fast, of the trading prices in the wholesale market for electricity and natural gas, both in Romania and in the rest of European countries in the fourth quarter of 2021 as well as in 2022, had a significant impact on to all market participants and led to their strategic changes / repositioning in the medium and long term. The intervention of the state meant the momentary solution of the exceptional situation, but the adverse effects, if they exist, will still be visible some time after the return to the free market;
- Competition between players on the electricity supply market in terms of diversifying the portfolio of products offered to customers with a focus on the value-added products offered (especially energy efficiency) and digital services offered (mobile applications, invoices and online payments, expanding customer service through chat solutions);
- In the electricity distribution area, the regulatory trend is to provide remuneration to the distribution operator considering both the quality of the service, as well as the operational costs and efficiency based on comparative analysis between DSOs. An element that affects and will continue to significantly affect the profitability of distribution companies is the increase in the purchase price of NL, a situation which was partially regulated by the entry into force of: (i) Government Emergency Ordinance no. 118/2021 regarding the establishment of a compensation scheme for the consumption of electricity and natural gas for the cold season 2021-2022, (ii) Government Emergency Ordinance no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market between 1 April 2022 and 31 March 2023, as well as for the modification and completion of some normative acts in the energy field, (iii) EMERGENCY ORDINANCE no. 119/2022 for the amendment and completion of GEO no. 27/2022 regarding the measures applicable to end customers in the electricity and natural gas market in the period 1 April 2022 - 31 March 2023, as well as for the modification and completion of some normative acts in the field of energy, (iv) EMERGENCY ORDINANCE no. 153/2022 for the amendment and completion of GEO no. 27/2022 and the amendment of GEO no. 119/2022, as well as for the modification and completion of some normative acts in the field of energy, *ANRE approved by ANRE Order no. 129/2022 Methodological norms for the recognition in tariffs of additional costs with the purchase of electricity to cover own technological consumption compared to the costs included in the regulated tariffs;*
- Regulation (EU) 2022/1854, regarding an emergency intervention to address the problem of high energy prices,

provides for a maximum threshold of 180 Euro/MWh for solar, nuclear, hydro, wind and lignite production, incomes above this threshold will be collected by the state;

- Electricity distributed generation technologies will determine the distribution operators to adapt their processes and strategies regarding the upgrade and development of the network and to offer solutions to the independent producers, considering the appearance of prosumers, which are active participants in the energy market; in this context, significant investments are necessary in order to improve both the transmission and the distribution infrastructure. The high price of electricity in 2022 and the uncertainty of keeping the electricity price cap in place has increased the interest of consumers to produce part of their energy independently, which has accelerated the trend. The significant reduction in the cost of photovoltaic technologies represents a development opportunity for smaller-scale generation projects, especially in the domestic area;
- On the long term, full electric vehicles, light commercial vehicles and electrification of railways are expected to increase the consumption of electricity in the transportation sector;
- Future development of technologies will support energy efficiency policies such as:
  - Development of transmission and distribution networks, including smart grid and smart metering;
  - End-use energy efficiency (thermal integrity of buildings, lighting, electric appliances, motor drives, heat pumps etc.);
- The smart metering implementation will offer complex tariffs options to the consumers, detailed information regarding the consumption profile, which might lead to increased flexibility and demand reduction during peak periods. Thus, the consumers shall be better informed and involved in decision-making process, as active participants. The smart metering implementation pace depends on the implementation calendar adopted at national level;
- The development of the transmission and distribution infrastructure and long-distance interconnection will become a necessity. The electricity market target model, which implies the development of Europe's internal electricity market, will continue to evolve and be in line with future trends and challenges in the energy industry;
- Process optimization based on artificial intelligence;
- Using machine learning algorithms to optimize production processes and minimize waste;
- Adopting similar AI strategies can optimize energy production, increase equipment reliability and minimize operational expenses.

**Table 8. The key drivers of changes in the electricity market**

Key drivers	Description	Impact on
GDP evolution and industry structure	The economic growth is a determinant factor of electricity demand. Although there is not a one-to-one relationship between GDP growth rate and electricity demand growth rate, there is a positive correlation, mainly between the industrial demand for electricity and economic growth. In the future, household and industrial electricity demand will also be influenced by energy efficiency policies. The increase of electricity consumption was a constant trend in Romania in the last years and will be maintained as general direction. However, 2023 saw a sharp decrease in industrial production and, as a consequence, in the first semester the demand for electricity also decreased.	GDP evolution and industry structure
Demographic evolution and technology development	In contrast with the demographic decline recorded at EU and Romanian level, the electricity consumption is positively impacted by the changes in the consumer behaviour and the increase in urbanization. For example, the massive increase in the number of connected devices and implicitly, in a less accelerated manner, in the electricity consumption, maintains the increasing trend of consumption.	Electricity consumption
International geo-	Russia's invasion of Ukraine has massively disrupted Europe and global energy markets,	Electricity prices

Key drivers	Description	Impact on
political context	<p>prompting the urgent need to identify a plan to stop the EU's dependence on imports of fossil fuels from Russia.</p> <p>REPower EU is the EU's response plan to this context, a plan for the period 2022-2030. The REPower EU plan sets out a series of measures to rapidly reduce energy and accelerate the green transition while increasing the resilience of the EU energy system.</p> <p>The plan targets 4 areas: Saving, diversifying sources, accelerating the shift to clean energy, investment and reform.</p>	
Changes in regulatory framework	<p>The approved schemes to support customers in payment of electricity/natural gas bills, with initial application between November 1, 2021 and March 31, 2022, through which price caps, compensations for household customers and exemptions for SMEs were granted, later extended for the period April 1, 2022 - March 31, 2025, by which the prices applicable to final customers were capped, assume ex post recovery of amounts related to these schemes by suppliers, risking affecting supply activity in case of delays in settling the amounts incurred by suppliers or of non-recovery in the situation where the costs recorded in the balancing market exceed the purchase costs by more than 5% or in the situation where the average purchase price exceeds the cap of 1,300 RON/MWh/ or 900 RON/ MWh after the publication of Law approving GEO 153/2022 in the Official Monitor.</p> <p>Also, as a result of entering into force of the new Electricity and Natural Gas Supply Activity Performance Standard, more demanding requirements are applied regarding the quality of supply service and responsibility towards customers, including through the obligation of automatic payment of compensations to all customers categories, in case of non-compliance with standard indicators.</p> <p>Since 2020, the regulatory framework for connections has changed repeatedly, the connection process being carried out successively on the basis of the following ANRE Orders: ANRE Order no. 160/2020 amending and supplementing the Regulation on the connection of users to the electricity networks of public interest, approved by the Order of the President of the National Energy Regulatory Authority no. 59/2013, ANRE Order no. 17/2021 approving the Procedure for the connection to the public interest electricity networks of consumption sites belonging to non-household end-users through connection installations with lengths up to 2 metres. 500 metres and household customers, ANRE Order no. 18/2022 approving the Procedure for the connection to the low voltage public interest electricity networks of consumption sites belonging to household customers, ANRE Order no. 17/2022 amending and supplementing the Regulation on the connection of users to the public interest electricity networks, approved by the Order of the President of the National Energy Regulatory Authority no. 59/2013, ANRE Order no. 19/2022 approving the Procedure for the connection of consumption and production sites belonging to prosumers to public interest electricity networks, ANRE Order no. 4/2023 amending and supplementing some orders of the President of the National Energy Regulatory Authority in the field of connection of users to the public interest electricity network.</p> <p>In 2023, the free connection of irrigation equipment and appliances was introduced for non-household customers with CAEN code 01 Agriculture, hunting and related services and CAEN code 10 Food industry, for connection installations with a length of less than 2.5 km, the financing of the network difference exceeding 2.5 km is provided by non-household customers.</p> <p>Also, as a result of the entry into force of the new Performance Standard for the electricity distribution activity, more demanding requirements on the technical quality of the distribution service and increased demands on the monitoring of technical quality parameters are applied.</p> <p>At the same time, the changes regarding prosumers such as: the rules for selling electricity produced by prosumers, respectively quantitative compensation for customers with installed power of up to 200 kW and financial compensation for customers with installed power between 200 and 400 kW, generated a flow of new requests for this customer segment, but also important changes to the invoicing IT system for this customer category.</p>	Electricity prices
The evolution of the electricity price in the	The weighted average price for transactions concluded on DAM for the first quarter of 2024 decreased by 42% compared to the first quarter of 2023. Between 1 January 2023 and 31	Electricity prices and inflation rate



Key drivers	Description	Impact on
market	<p>December 2024, the mechanism for the centralized purchase of electricity is established (CEAM), and OPCOM is appointed sole purchaser, energy purchase price on MACEE 450 RON/MWh until 31 March 2024, and 400 RON/MWh for the period April 1, 2024 - December 31, 2024.</p> <p>The forecast NL price for 2024 is calculated as a weighted average considering 75% the price approved by MACEE and 25% the DAM price for May 2023.</p>	
Technological development	<p>Smart networks and smart meters will create benefits for the end consumers, distribution operators and suppliers in terms of energy efficiency, resource optimization and network operation, implementation of demand response etc. It is necessary to prepare the networks and to integrate the distributed resources (storage solutions, micro-grids, local production, electric machines, etc.), also considering the management of their impact.</p>	Electricity prices and consumption
Increase in environmental awareness	<p>Romania has adopted the strategy "Europe 2020" - program 20-20-20, aiming to reduce greenhouse gas emissions, improve energy efficiency and raise the share of renewable energy. Moreover, the 2030 Framework provides even more ambitious targets and therefore more efforts are needed from governments and market players to achieve them.</p> <p>Renewable energy is the cheapest and cleanest energy available and can be generated domestically, reducing our need for energy imports. Energy efficiency and the use of renewable energy sources can enable industry to reduce the impact of market evolution. Energy saving is the cheapest, safest and cleanest way to reduce the repercussions of the trend in the energy market. In addition to energy efficiency measures, individual actions have a positive impact on energy bills (consumption and price level).</p>	Electricity prices and consumption, regulatory framework

Source: Electrica

## The regulatory framework perspective and the impact on the energy market

### Distribution segment

For the **distribution segment**, the significant changes in the Romanian legislation were detailed in *chapter 2.1. Key Events* and in *Annex 9.2.1.*

In 2022, according to the Government's emergency ordinance (OUG) no. 119/2022, approved and modified by Law no. 357/16 December 2022, the additional costs for the purchase of electricity (determined as the difference between the realized costs and the costs included in the approved distribution tariffs), realized between 01 April 2022 and 31 March 2025, in order to cover the NL, compared to the costs included in the tariffs regulated, are capitalized quarterly and remunerated with 50% of the regulated rate of return (RRR) approved by ANRE, applicable during the amortization period of the respective costs and are recognized as a distinct component in the regulated tariffs, called the component related to additional costs with NL. Also, ANRE developed the Methodological Norms regarding the recognition in tariffs of the additional costs with the purchase of electricity to cover the own technological consumption compared to the costs included in the regulated tariffs, with the aim of establishing the way of substantiating the additional costs with the purchase of electricity for NL coverage as well as the conditions for their recognition in the regulated income on the basis of which the distribution tariffs are established.

According to Emergency Ordinance no. 153/2022, between 1 January 2023 and 31 March 2025, the mechanism for the centralized purchase of electricity is established, with OPCOM being designated as the sole purchaser. The distribution operators ("DO") will buy from OPCOM through an annual/monthly mechanism 75% of the quantity forecast and validated by ANRE at the price of 450 RON/MWh, and the producers will sell to OPCOM through an annual/monthly mechanism 80% of the quantity forecasted and validated by ANRE and Transelectrica at the price of 450 RON/MWh.

Emergency Ordinance no. 32/2024, modifies and completes GEO no. 27/2022, and for the period April 1, 2024 - December 31, 2024, CEAM is modified, so that producers will voluntarily sell to OPCOM at the price of 400 RON/MWh and OD will buy electricity from OPCOM at the price of 400 RON/MWh.

### **Supply segment**

Supply segment will focus on diversifying its activity through offers and services adapted to customer needs, on operational efficiency through optimized electricity sales and purchase processes and on orientation towards customers and maximizing their satisfaction. The aim is to increase the supply segment, offer value-added solutions (products and services) and specific operations and processes digitalization.

*Please consider that other factors that are not available at the date of this report (e.g. regulations and legislation in process of being amended) or that have not been presented above, or that have not been taken into account by the Group, may appear and can have a significant impact on Group's strategy implementation and evolution.*

The regulatory framework has undergone significant changes in the last decade, including liberalization of electricity and natural gas markets, supply and distribution activities separation, support scheme implementation for renewable energy, electricity prosumers support and price capping for end customers.

In 2023, the price was set by suppliers through free market mechanisms, both for universal service offers and for offers related to competitive market, in compliance with price capping rules on invoicing.

Regarding last-resort electricity and natural gas supply, a monthly rotation system was introduced for SoLR nomination, which automatically accepts customers from all areas of the country. For this purpose, SoLR list is established according to the market share, each SoLR on the list being nominated in turn, monthly, to automatically take over the customers left without a supplier. Thus, in 2023, Electrica Furnizare was nominated electricity supplier of last resort in May and October, and natural gas supplier of last resort in April and November 2023. In 2024, Electrica Furnizare S.A. was nominated electricity supplier of last resort in March.

ANRE's development of the online platform for changing electricity and natural gas supplier (POSF), helps Romanian energy market to reach the objective provided by the European legislation regarding the change of supplier in 24 hours, starting with 2026.

Regarding the legislation related to prosumers, the change in the installed electric power threshold in power plants from renewable sources belonging to prosumers, from 100 kW to 400 kW per place of consumption and the quantitative compensation introduction led to an increase in prosumers number, which determined an increase of 185% in 2023 compared to 2022.

Last but not least, in 2023 the new Regulation Code for electricity supply to end consumers entered into force, approved by ANRE Order no. 5/2023, which brought various innovations that had to be implemented in electricity supply activity.

In the context of price increase on electricity and gas markets at international and national level, in Romania, a series of support schemes have been applied for electricity and gas consumers, for the period 1 November 2021 and 31 March 2025. Considering the implementation method of these schemes and the settlement mechanism of the amounts granted as support to clients, ex post from the state budget to electricity suppliers, they are generating constraints in terms of cash flows, such as uncertainties regarding full collection of the respective amounts by suppliers.

At the end of the first quarter of 2024, several normative acts with impact on supply activity were approved: GEO no.32/2024, GEO no.31/2024 and ANRE Order no.6/2024.

By GEO no.32/2024, changes are made to the capping scheme established by GEO no.27/2022. Thus, starting 1 April 2024, the supply component for natural gas is increased to 15 RON/MWh for both SoLR and non-SoLR, the rule stating the payment of 40% of the capped amount within 10 days from the day of submission is changed, the selling price for natural gas producers that carry out both onshore and offshore activities and sales of natural gas activities is reduced from 150 RON/MWh to 120 RON/MWh, the MACEE price drops from 450 RON/MWh to 400 RON/MWh.

At the same time, producers can voluntarily sell through MACEE and suppliers will receive guarantees of origin for the quantity contracted through MACEE; drops down the limit for the average price accepted for the settlement of amounts related to 700 RON/MWh cap for the consumption recorded after 1 April 1 2024.

Last but not least, suppliers can make offers for end customers only if the purchase covers at least 50% of the needed consumption.

At the same time, GEO no.32/2024 also specifies the deadlines for entering settlement data on ANRE platform: 30 July 2024 for the period September 2022-August 2023; 31 December 2024 for the period September 2023-August 2024, 30 July 2025 for the period September 2024-March 2025.

By GEO no.31/2024, Law no. 227/2015 provisions regarding the Fiscal Code, with reference to the minimum tax, are changed, in the sense that economic operators controlled/licensed by ANRE who, in the previous year, achieved revenues from distribution/supply/transport of electricity and natural gas activities of over 95% from the total income does not fall under the incidence of these provisions.

By ANRE no.6/2024, the Regulation code of electricity supply to end customers and the Regulation code of natural gas supply to end customers were amended and completed with the provisions on the RO e-Invoice electronic invoice.

In this context, Electrica Furnizare is in the process of adapting its strategy to the new market circumstances.

### **Evolution of acquisition costs**

The measures to reduce electricity and natural gas price approved by: GEO 27, GEO 119, GEO 153 had the result of maintaining the prices downward trend during the first quarter of 2024. The deficit in the amount of electricity and natural gas available on the wholesale market is maintained, generated by the implementation of measures to reduce electricity and natural gas price, at the end of 2022, respectively:

- Introduction of the Mechanism for The Centralized Purchase of Electricity (MACEE);
- Retail market selling price capping for certain categories of end customers;
- Mechanisms for recognizing the purchase cost achieved;
- Overtaxing producers/traders for the income obtained from electricity sale, if the average price exceeds 450 RON/MWh;
- Limiting the profit from the wholesale of energy and natural gas to 2%, the difference to be paid to the energy transition fund;
- Limiting electricity export;
- Establishing purchase price maximum value recognized by electricity suppliers, for energy billed to capped customers, offers being available only for monthly periods.

The average transaction energy price in DAM in Q1 2024 recorded a decrease of approximately 42%, from 632.21 RON/MWh average price recorded in Q1 2023 to 366.52 RON/MWh.

The overtaxation of the income obtained from energy sale by producers/traders as well as large producers obligation to sell the energy produced exclusively through MACEE resulted in a reduced number of transaction in

the wholesale market.

For natural gas, the spot market transaction price decreased in Q1 2024 by approximately 51% compared to the transaction price recorded in Q1 2023, from 276.44 RON/MWh to 135.12 RON/MWh.

Against market's low liquidity background as a result of MACEE's introduction, the unpredictability created by the legislative framework as well as the limitations established by the government with respect to electricity and natural gas purchasing/selling prices, it is difficult to assess which will be the evolution of the electricity and natural gas wholesale market in 2024.

In the absence of major investments in new production and storage capacities, nonetheless maintaining consumers reduced demand, it is estimated that the prices will hold steady and maintain equilibrium at a level similar to the one recorded in Q1 2024.

### **Impact on customers**

The impact on customers in the dynamic national and international context:

- Accelerating digitalization, by automating processes to optimize client interaction (improvement of self-service level, end-to-end digitalization on online platform interaction);
- Adapting to domestic and international context of energy market, by offering tariff plans and customizable options according to lifestyle and specific needs, with focus on energy efficiency;
- Support measures granted to both household and non-household consumers.

### **Energy services segment**

The Group's portfolio also includes the energy services segment, with the following main activities: design and construction of CEFs (Energy Future), provision of maintenance and repair works for electricity distribution and transmission installations, execution of investment works in the energy sector, other service provision activities.

SERV's main objectives for the coming period are:

- To expand the activity on the service market outside the ELSA group and to consolidate new activities in the business lines while reactivating old activities for which there is accumulated experience;
  - Adapting the business and staff structure to make the activity more efficient, maximize profit and increase market share;
- Consolidation of the current financial situation and reinvestment of resources for the development of the company in new directions.

### **Electricity production segment**

For the production segment, the development of projects already acquired is continuing in order to reach the ready to build stage, i.e. development activities (final phase) for the 3 production subsidiaries:

- New Trend Energy S.R.L. for the CEF Satu Mare 3 project with P=59MW;
- Foton Energy S.R.L. for the CEF Bihor 1 project with P=73MW;
- Crucea Power Plant S.R.L. for the Crucea wind farm project with P=121MW.

The status of the 3 projects is in the final phase of obtaining all the necessary authorizations in order to reach the stage of 100% ownership.

- For Sunwind Energy S.R.L. where Electrica S.A. holds 100% of the shares, for the project CEF Satu Mare 2 with P=27MW, following the finalization of the selection of the EPC contractor (engineering, procurement and construction), the contract has been signed and is now entering the execution implementation phase. The project is funded by the PNRR program;
- The Vulturul project is in the construction implementation phase with a completion rate of about 60%, with a completion date of Q3 2024.

In addition to the above-mentioned issues, activities are continued on:

- Assessing opportunities for acquiring new RES projects and/or entering into partnerships by acquiring majority stakes in RES projects (already developed by potential partners);
- Project development activities have started for: energy production using efficient and flexible capacities using natural gas (hydrogen ready);
- Project development activities for energy storage capacities in batteries and submission of an application for a grant (PNRR programme);
- Carrying out planning activities for the operationalisation of the production segment/vertical, phased in line with the development and implementation schedule of energy generation and storage projects.

### **The human resources area perspective**

The prospects of human resources in the energy industry of Romania in 2024 are influenced by factors such as economic evolution, specific regulations, technological innovations, and demographic changes. Companies in the sector need to be proactive in addressing these challenges and invest in developing and maintaining a skilled and adaptable workforce.

At the national level, considering the current economic situation, it is assumed that Romania will register a moderate economic growth, which could influence the demand for human resources in various sectors, including the energy industry. The need for significant investment in energy infrastructure is expected to create additional demand for specialized human resources.

Changes in specific legislation, including renewable energy and energy efficiency regulations, will also affect the staffing requirements and qualifications needed in the energy sector. The improvement of environmental and safety standards will lead to the need to provide specialized personnel to comply with the new regulations and to support the effort to implement the related measures.

The adoption of digital technologies and automation of processes in the energy industry will generate new demands on the skills and qualifications of human resources, requiring employees with digital skills and the ability to adapt to new technologies. At the same time, a continued increase in the production of green energy will drive a greater demand for specialists in fields such as solar, wind and other renewable sources.

Demographic trends such as aging population and labor migration could influence the availability and quality of human resources, including for companies in the energy sector. For these reasons, along with technological evolution and changes in labor market requirements, companies in the energy industry will need to compete for specialized talent to ensure the employment and retention of qualified personnel.

It is important to have educational programs adapted to the needs of the energy industry to ensure the availability of human resources with the necessary skills and knowledge. That's why energy companies need to invest in skills development programs to ensure employees have the skills to meet new technological demands and applicable regulations.

Increasing attention is being paid to sustainability and social responsibility in the energy industry. Companies must attract and retain talent by demonstrating socially responsible work practices and working conditions. Given the

rapid changes in the energy industry, employees must be flexible and able to adapt to new technologies, processes and working conditions.

On the other hand, the themes of geopolitical evolution as well as trends in the energy market, reveal a concern regarding the inclusion of ESG risks and opportunities in strategic planning, including aspects related to human resources. Among these, assessing how organizational culture and talent management could influence ESG policies and objectives to create new opportunities for the workforce are actions for companies to focus on, especially those in the energy sector.

The strategic objectives of the Electrica Group, established at the end of the previous year, outlined a broad framework for business development and viability, including areas such as renewable energy, service diversification, ESG integration in business concepts, digitization, and organizational excellence. In line with these objectives, we focus our efforts on attracting, motivating, and retaining a skilled and diverse workforce.

To ensure a work environment where employees feel valued and fulfilled, we focus on continuous professional development, including the acquisition of skills and competences in the "green" and digital fields. Against the backdrop of the sharp increase in interest in renewable energy, energy efficiency, digitization and ESG principles, we are committed to implementing training and development programs to improve existing skills and attract new talent with the necessary expertise.

To promote these goals and attract talented young people, we aim to develop internship programs, participate in innovation projects, establish educational partnerships and launch mentorship programs. These initiatives will contribute not only to attracting and developing talent, but also to promoting a culture of innovation, sustainability and social responsibility.

On the other hand, operating in a competitive market, non-financial benefits and organizational climate are increasingly important for attracting employees with potential and retaining talent. The remuneration principles adopted by Electrica Group comply with the requirements and good practices of corporate governance, contributing to good administration, the fulfilment of strategic objectives and ensuring superior performance.

Informing investors in detail about executive management remuneration, in a transparent way, giving them the opportunity to express their views on this matter, contributes to ensuring sound corporate governance, a key element for aligning with capital market requirements and building a solid relationship with the company's shareholders and stakeholders.

We are committed to promoting diversity and inclusion at every level of the organization and harnessing modern technologies to streamline human resource management and encourage innovation and sustainable development.

Within the general Human Resources Strategy, approved by the end of last year, the following strategic directions were considered:

- Pillar I - Development and implementation of educational programs to meet business long-term needs;
- Pillar II - Cultural transformation - realigning culture to the vision, mission and core values of the organization to achieve strategic business objectives;
- Pillar III - Modernization of the Performance Management System and the implementation of ESG KPIs in an integrated platform.

The strategic HR objectives have been defined in relation to these directions and will be accompanied by a Transformational Program at Group level to increase effectiveness, generate value by aligning with the Group's business objectives and support the modernization of the organizational culture.

### The IT&C perspective

For the year 2024, in line with the objectives and directions included in the Digitization Strategy approved in 2022, the Group proposed the implementation of Central Finance SAP, which brings many benefits to the organization, having a significant impact on operational efficiency, as well as on strategic decision-making and financial performance. Central Finance SAP integrates financial data from various ERP and accounting systems, providing a single and consolidated view of the financial situation. The implementation of this system enables the standardization and automation of financial processes, reducing redundancy and complexity.

By implementing Central Finance SAP, the organization will benefit from a powerful and integrated platform for efficient management of financial processes, facilitating long-term growth and success.

Creating an innovation and product development lab to explore and implement emerging technologies such as artificial intelligence and IoT. Stimulating innovation and adaptability through the development of innovative products and services, which enhances competitiveness and positions the organization as a leader in its field.

The increase in cyber threats and security incidents can put our organization's data and information at risk. We plan to invest in advanced cybersecurity solutions and develop employee training and awareness programs around security best practices.

Beyond traditional IT&C infrastructure and services, the Group has set out to continue and accelerate digitization initiatives and the application of technologies that determine a faster, more flexible, and friendly interaction with customers.

The implementation of innovative ITC technologies allows the organization to evolve faster to respond more effectively to changes in the market and their needs. Through digitization, we can provide an assured customer experience by personalizing services, providing faster and more flexible solutions, and facilitating two-way communication with customers.

Digitization gives our organization greater adaptability to changes in the business environment and market needs, allowing us to quickly adapt to new trends and respond promptly to customer needs.

## 7. Capital Expenditures

A core part of Electrica business strategy includes implementing the investment plan. Electrica's activities require significant capital expenditures mostly connected with its operations in the electricity distribution segment. Furthermore, Electrica's assets require periodic maintenance and modernization to improve operational efficiency.

Electrica's capital expenditures in the three months period ended 31 March 2024 and 31 March 2023 amounted to RON 215.5 mn. and RON 159.6 mn., respectively.

The volume of investments in the distribution network reflects the Group's effort to accomplish the planned level of investments for 2024, especially in the distribution segment.

The volume of investments had a material impact and, according to Electrica's expectations, will continue to have such impact on the results of Electrica's operations, Electrica's indebtedness and future cash flows.

Capital expenditures in the distribution network will only have the anticipated positive impact on Electrica's result of operations to the extent they are recognized in the Regulated Asset Base by ANRE and considering the rate of return approved by the regulatory authority

## 8. Statements

Based on the best available information, we confirm that the interim condensed consolidated financial statements not reviewed or audited for the three month period ended 31 March 2024 prepared in accordance with International Financial Reporting Standards as adopted by the European Union (“IFRS-EU”), provides an accurate and real image regarding the Electrica Group’s financial position, the financial performance and the cash flows, as required by the applicable accounting standards, and that this Report, prepared in accordance with art. 67 of the law no. 24/2017 on issuers of financial instruments and market operations and to annex no. 13 to ASF Regulation no. 5/2018 for the three months period ended 31 March 2024, comprises accurate and real information regarding the Group's development and performance.

**Chair of the Board of Directors,**

**Dumitru CHIRITA**

**Chief Executive Officer,**

**Alexandru-Aurelian CHIRITA**

**Chief Financial Officer,**

**Stefan Alexandru FRANGULEA**



## 9. Appendix

### 9.1. Appendix 1 - Economic and financial indicators of Electrica Group as of 31 March 2024 according to Annex 13/ASF Regulation no. 5/2018

<b>Indicator</b>	<b>Formula</b>	<b>Value</b>
Current liquidity ratio	Current assets/Current liabilities	1.14
Capital Gearing Ratio	Debt/Equity * 100	49.6%
Trade receivables turnover	Average balance trade receivables/ Turnover * 90	123 days
Non-current asset turnover ratio	Turnover/Non-current assets	0.32

## 9.2. Appendix 2 - Applicable legal framework - issued in 2024

### A.9.2.1 Distribution segment

ANRE has issued documents for the regulatory framework that requires additional efforts from distribution operators in order to comply with the new requirements:

2024	
<b>Regulations regarding tariffs:</b>	<ul style="list-style-type: none"> <li>▪ <b>The electricity distribution service tariffs for the year 2024 were approved by ANRE Order no. 115/2023, the average tariffs for DEER having the following increases compared to the tariffs from April 1, 2023:: MN +7.6%, TN +5.8%, TS +6.9%;</b> - effective from January 1, 2024.</li> <li>▪ <b>ANRE order no. 109/2023 approving the average tariff for the electricity transmission service, the components of the transmission tariff for introducing electricity into networks (T_G) and extracting electricity from networks (T_L) and the regulated price for reactive electricity , practiced by the National Electric Energy Transport Company "Transelectrica" - S.A. and ANRE Order no. 116/2023 approving the tariff for the purchase of system services for the transport and system operator Compania Nationala de Transport al Energiei Electrice "Transelectrica" - S.A</b> - effective from January 1, 2024 With the following deviations compared to the tariffs from April 1, 2023: T_L: 1%. T_G: -5.4%, respectively compared to June 1, 2023: T_S +38.1%.</li> <li>▪ <b>ANRE Draft order regarding the establishment of the regulated rate of return on invested capital applied to the approval of tariffs for the transmission and distribution services of electricity and natural gas, for the fifth regulatory period</b> - public consultation The regulated rate of return on invested capital, expressed in real terms, before taxation, applied to the establishment of tariffs for electricity and natural gas transmission and distribution services, for the fifth regulatory period, is proposed at 6.75%. (up from 6.39%).</li> <li>▪ <b>ANRE Draft order regarding the modification and completion of the Methodology for setting tariffs for the electricity distribution service</b> - public consultation <ul style="list-style-type: none"> <li>▪ introduction of a distinct treatment for electricity purchase costs for NL coverage and for the rest of the costs. The regulated income in PR5 related to a year t consists of two categories of income: non- NL regulated income and NL regulated income: <ul style="list-style-type: none"> <li>○ The provisions on setting NL targets are supplemented with regard to setting NL targets for the HV level if there is a forecast amount of NL related to additional transits and for setting targets for the LV level;</li> <li>○ The recognized price for the purchase of the electricity required to cover the NL cannot exceed a value equal to the weighted average of the prices realized by the network operators plus 5%.</li> </ul> </li> <li>▪ the introduction of a provision according to which the NL regulated income corresponds to covering the cost of the purchase of electricity to cover the NL and the elimination of congestion and is divided into two categories of regulated income, which are recovered: <ul style="list-style-type: none"> <li>○ from consumers of the distribution network through a tariff component (TDcpt), applied to distributed electricity;</li> <li>○ from producers connected to the distribution network through a tariff (TGD), applied to the amount of electricity introduced into the distribution networks of producers, from power plants with an installed capacity of more than 5 MW.</li> </ul> </li> <li>▪ the transfer from the TSO to the DSO of the TG_Tp tariff related to the additional transits from the EDN for the quota related to the producers and the modification of the ANRE regulations so as to provide for the conclusion of contracts for the use of the distribution network between the DSO and the producers. It is proposed to introduce the TG_Tots tariff related to additional transits from EDN for the share related to TSO;</li> <li>▪ Return on the Regulated Asset Base (RRAB): <ul style="list-style-type: none"> <li>○ the addition of provisions that establish a mechanism for correlating the level of remuneration of the invested capital with the level of performance achieved by the DSO, thus, in the situation where the DSO does not achieve the level of performance regarding the development of an intelligent network that promotes energy efficiency and the integration of energy produced from renewable sources, established for each year of the regulatory period p+1 based on the set of indicators approved by ANRE, the value of the regulated rate of the approved profitability is reduced by 0.5 percentage points;</li> <li>○ a supplement for determining the forecasted and realized value of the RBAR - administrative buildings and tangible and intangible fixed assets defined in the Investment Analysis Procedure as endowments, such as endowments such as cars, computing equipment, equipment, machinery, are not taken into account tools, etc., put into operation starting from the 5th regulation period, for these fixed assets only costs with depreciation are recognized;</li> </ul> </li> </ul> </li> </ul>

2024	
	<ul style="list-style-type: none"> <li>○ the value of the investment program in the electrical distribution networks fully or partially financed from own sources for the regulatory period p+1 must be at least equal to the value of the cost with the total forecasted regulated depreciation related to the regulatory period p+1.</li> <li>▪ Inflation correction: <ul style="list-style-type: none"> <li>○ ANRE determines and annually applies an inflation correction for controllable operation and maintenance costs, other than those with personnel related to year t-1, if the IR achieved in year t-1 and in year t-2 varies by more of two percentage points compared to the predicted IR value. In the situation where the condition for making the correction is met, the realized IR considered in the calculation of the inflation correction is determined by the algebraic summation of the predicted IR value with a percentage of 50% of the difference between the realized IR and the forecasted IR;</li> <li>○ staff costs: if the realized IR is higher than the forecasted IR, ANRE determines and applies an inflation correction for the staff costs related to year t-1. The recognized value of personnel costs cannot exceed their realized value;</li> <li>○ establishing regulated income: for the determination of non-NL regulated income as well as NL regulated income in terms of year t+1, it is proposed to take into account the value of the inflation rate achieved for the years prior to year t, respectively forecast for year t and for year t+1 . When calculating the corrections related to year t-1, the same IR values used to determine the regulated income for that year are used;</li> <li>○ when calculating the RAB made, starting with the fifth regulatory period, including for the years related to it, the IR values used to determine the regulated income for that year are used.</li> </ul> </li> <li>▪ Non-NL regulated income: <ul style="list-style-type: none"> <li>○ an increase in the weighted average tariff (expressed in real terms) corresponding to non-NL regulated income cannot exceed the 10% limit from one year to the next.</li> </ul> </li> <li>▪ Controllable operation and maintenance costs (OPEXC) and the Xinitial efficiency factor are established at the beginning of the regulatory period, using the method and comparative analysis indicated by the consultant in the Regulatory Good Practices Study on the Treatment of Controllable Operation and Maintenance Costs, purchased by ANRE in 2023 (OPEX Study);</li> <li>▪ Personnel costs: <ul style="list-style-type: none"> <li>○ if the realized and accepted value for personnel costs for a year t is higher than the forecasted value due to the internalization of an activity, the recognized value may exceed the forecasted value, within the limit of the value of the expenses corresponding to their performance with third parties, recorded by the DSO in the year prior to the one in which the internalization took place, but not more than the value corresponding to the reduction in year t of the costs of services performed by third parties;</li> <li>○ personnel costs and those carried out for the purpose of research and development of the distribution operator are exempted from the application of the factor X_initial annual increase in efficiency established by ANRE.</li> </ul> </li> <li>▪ Incentives to support research related to the field of activity and to facilitate innovation in areas such as flexibility and interconnection services;</li> <li>▪ Incentives for making investments with financing/co-financing from European funds;</li> <li>▪ The reduction of the amount of distributed electricity compared to the forecasted quantity at the beginning of the regulatory period must lead to a reduction of OPEXC costs: in the situation where for a year t-1 there is a reduction in the amount of distributed electricity compared to the forecasted distributed amount at the beginning of the period regulation, ANRE calculates and applies an additional negative correction to the controllable operation and maintenance costs recognized for year t-1;</li> <li>▪ completion of art. 23 regarding the non-inclusion of some costs in the regulated income, namely: <ul style="list-style-type: none"> <li>○ Service contracts – Expenses related to contracts with the object of representing the operator, or consulting services or assistance in the field of regulation, are not recognized;</li> <li>○ Contracts with affiliated companies – Expenses resulting from a contract fulfilled/achieved through subcontracting by the contract holder of some services/products to other companies are not recognised;</li> <li>○ expenses with value added tax.</li> </ul> </li> <li>▪ The recognition in the OPEXNC category of the costs of the works necessary to bring the electrical distribution networks taken over in accordance with the obligation from art. 46 para. (2^3) of the Law;</li> <li>▪ Special expenses: <ul style="list-style-type: none"> <li>○ value increases or subsequent interventions (updates, updates, improvements, changes) on existing intangible assets will no longer be recognized in the RAB, they are recognized as special expenses under non-controllable Opex (Opex NC);</li> <li>○ measurement groups for periodic changes will no longer be recognized in the BAR, they will be provided from those dismantled from the installations as a result of the SM installation, and in exceptional cases they will be recognized as special expenses within the Opex NC.</li> </ul> </li> </ul>
<b>Investments Procedure</b>	<ul style="list-style-type: none"> <li>▪ <b>ANRE order no. 3/2024 for the approval of the Procedure regarding the approval of the investments of the transport and system operator and distribution operators, which consist of electricity production installations from renewable energy sources located in their own electrical transformation stations - effective from March 1, 2024</b></li> </ul>

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	<ul style="list-style-type: none"> <li>▪ For the ANRE to approve an installation for the production of electricity from renewable sources in the premises of its own electrical transformation station, the following conditions must be met:                             <ul style="list-style-type: none"> <li>○ the electrical energy produced is consumed exclusively to supply the own consumption of the electrical station where the installation is located;</li> <li>○ TSO/DSO includes technical measures for managing the energy produced, so that it cannot be discharged into the public network.</li> </ul> </li> <li>▪ The ex-ante presentation of the cost-benefit analysis is required, as well as the analysis, every year after the commissioning, of the level of benefits achieved in relation to the costs included in the network tariffs. In the event that the realized benefits are lower than the realized capital and operational costs, the profitability related to the investment, recognized for the respective year, is reduced accordingly, so that the capital and operational costs related to the investment do not exceed the realized benefits;</li> <li>▪ The approved investments are included in the investment plan of the TSO/DSO in the endowment category, derogation for the investments made in 2023 and approved are considered additional investments to the investment plan for the year 2023, in the endowment category and are reported until May 31, 2024 in a table dedicated to this type of investment.</li> <li>▪ <b>ANRE Draft order for the amendment of the Procedure regarding the substantiation and approval of the development and investment plans of the transport and system operator and of the electricity distribution operators approved by ANRE Order no. 98/2022</b> - public consultation                             <ul style="list-style-type: none"> <li>▪ art. 27, para. (4), lit. g) - to clarify the fact that the electricity production facilities from renewable sources located in a power station can only be used to cover the "administrative consumption" and the "own consumption" of the power station, in accordance with ANRE Order no. 3/2024;</li> <li>▪ art. 40, para. (2) imposes the condition that the network operators implement the investment plan in the network in the amount of at least 95%. The reformulation of this paragraph is necessary to clarify the fact that the planned and realized values that are compared refer to the investments related to the network.</li> </ul> </li> </ul>
<b><u>Licenses and authorizations</u></b>	<ul style="list-style-type: none"> <li>▪ <b>ANRE Draft order regarding the approval of the Regulation for the granting of licenses and authorizations in the electricity sector</b> - public consultation                             <ul style="list-style-type: none"> <li>▪ improving the process of granting/modification/suspension/withdrawal of authorizations and licenses of economic operators carrying out activities in the field of electricity, by revising the conditions applicable to applicants;</li> <li>▪ correlation of the provisions of the Regulation with the provisions of ANRE Order no. 118/2023 regarding the approval of tariffs and monetary contributions charged by ANRE in 2024;</li> <li>▪ modification of the legal provisions regarding the method of submission of documents by authorization/license applicants, in the sense of prioritizing electronic means of communication (portal provided by ANRE in this regard, ANRE e-mail address or uploading to the PCUe platform);</li> <li>▪ the inclusion of a chapter dedicated to the transfer of energy capacities in which the ways of realizing/exploiting the energy capacities that are the subject of a transfer are regulated, either as a result of the conclusion of contracts through which the ownership/use right is transferred over them, or as a result of a process of merger/division of the holders of establishment authorizations/licenses;</li> <li>▪ the inclusion in the Regulation of the situation of modification of the license for the commercial exploitation of energy capacities by including in its content some energy capacities over which the applicant can have a provisional exploitation right, until the date on which the license holder obtains the definitive exploitation right, in the case of the transfer of the right of ownership/use of the respective energy capacities.</li> </ul> </li> <li>▪ <b>The draft order for the modification and completion of the Technical Norm regarding the establishment of requirements for the execution of works under voltage in electrical installations, approved by ANRE Order no. 34/2021- NTE code 010/20/01</b> - public consultation                             <ul style="list-style-type: none"> <li>▪ establishing new requirements that will allow an easier implementation of technologies for the execution of works under tension by economic operators certified by ANRE, other than NO, electricity producers or final customers of electricity, industrial or similar;</li> <li>▪ regarding the degree/type of authorization for electricians belonging to economic operators who carry out activities based on certificates issued by ANRE, other than NO, electricity producers or final customers of electricity, industrial or similar, who perform live works;</li> <li>▪ a new requirement was introduced regarding the marking of protective means, tools, devices and work equipment used for the execution of work under tension in accordance with the provisions of the SR EN 61477-2009 standard - Work under tension Minimum requirements for the use of tools, devices and the equipment;</li> <li>▪ both the specific requirements for economic operators that perform live work and the organizational measures for work safety necessary for the performance of live work at MV or HV have been completed;</li> <li>▪ the definition of the issuer for works under tension has been reformulated, taking into account the possibility that it belongs to the economic operator certified by ANRE that performs works under tension.</li> </ul> </li> </ul>
<b>Smart metering regulations (SM):</b>	<i>No changes or additions to the legislation were issued until the moment of publication of this report.</i>

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## Technical regulations

## a) Network connection

- **ANRE Order no. 106/2023 for the amendment and completion of ANRE Order no. 239/2019 for the approval of the Technical Norm regarding the delimitation of protection and safety zones related to energy capacities** - effective from January 10, 2024
  - the order changes involve NO in evaluating the position of the building-type objective in relation to the safety zone of the overhead power lines with nominal voltages higher than 1kV;
  - assures the applicants of location approvals the facilitation of the location of the building-type objective outside the safety zone of the overhead power lines, the size of which is calculated with the formula from point 2.3 of Annex no. 6 to the Norm, without the need to carry out a risk analysis.
- **Draft order for the approval of the Methodology regarding the allocation of the electricity network capacity for the connection of electricity production sites, as well as for the modification and completion of some orders of the president of the National Energy Regulatory Authority in the field of connecting users to the public interest electricity network** - public consultation
  1. Approval of the Methodology regarding the allocation of electrical network capacity for the connection of electricity production sites
    - The methodology provides for the mechanism for allocating the available capacity of the electrical network, necessary for the connection of new production sites with power  $\geq 1$  MW, through auctions organized by the TSO:
      - a. The mechanism will replace the current mechanism for the participation of producers in the general network strengthening works and will ensure:
        - i. the sums required by NO for the development of the relay in order to connect the new production sites;
        - ii. a competitive environment for producers who are going to develop production sites;
        - iii. securing the producers' capacities for subsequent connection to the network, by paying the sums resulting from the auctions.
      - b. Tenders will be organized annually by the TSO, for a period of 10 years, in order to allocate the available capacity in the ETN and in the EDN at the voltage level of 110 kV and MV;
      - c. The methodology provides for the stages preceding tenders, their organization, as well as the rules for allocating capacities in various situations;
      - d. The starting price is determined based on the value of the development work, and the winners enter capacity allocation contracts;
      - e. The sums resulting from the auctions must be paid by the producers in no more than 4 months, and non-compliance with the deadlines attracts penalties;
    - The methodology will enter into force starting from 01-Jan-2025
  2. Amendment of the Regulation regarding the connection of users to public interest electric networks:
    - a. OR will require the establishment of financial guarantees, of 5% of the connection tariff, by applicants with production/consumption sites and production sites  $\geq 1$  MW, regardless of the need for strengthening works;
    - b. The guarantee must be established before the TAC is issued;
    - c. The connection certificate will include the certification of the quality of active customer for users with consumption/consumption and production sites;
    - d. Appendix no. 5 is revised to avoid the transfer to the ownership of users of installations with a voltage of 220 kV or higher, if the upper voltage of the transformer station exceeds 110 kV;
    - e. Modifying the framework content of the TAC and the connection contract, by revising the provisions regarding the financial guarantees that are constituted in favor of the OR, in accordance with the proposals for revising the Regulation from point 2.
- **ANRE Draft Order for the approval of the Procedure regarding the rules for the connection to the public interest electrical networks of equipment and aggregates for irrigation, of the new pressurization stations, as well as for economic operators that carry out activities included in CAEN code 01 Agriculture, hunting and services annexes and CAEN code 10 Food industry** - public debate
  - the rules are addressed to the connection to the electrical networks of public interest of the equipment and aggregates for irrigation, of the new pressure stations, as well as of the places of consumption belonging to the economic operators that carry out activities included in the CAEN code 01 Agriculture, hunting and related services and CAEN code 10 Food industry;
  - the rules apply to the connection to the electrical networks of new places of consumption;
  - DSO has the obligation to ensure, under conditions of economic efficiency, the financing and realization of the design and execution works of the connection installations of the places of consumption, with a length of up to 2,500 meters, when the connection solution provides for the same voltage level at the point delimitation and at the connection point; in the event that the connection installations of the places of consumption are longer than 2,500 meters and when the connection solution provides for the same voltage level at the delimitation point and at the connection point, the financing of the difference in their length that exceeds the length of 2,500 meters is ensured by users;
  - if in the area where the places of consumption are located, there is only an electric network with a voltage level different from that of the demarcation point provided in the connection solution, DSO are obliged to ensure the financing and realization of the design and execution works of the connection installations consumption places with a length of up to 2,500 meters, excluding the transformer station/electrical station, as the case may be, which is financed by the users;

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	<p>if in the area where the places of consumption are located there is only an electric network with a voltage level different from that of the demarcation point provided in the connection solution and the installations for connecting the places of consumption are longer than 2,500 meters, DSO has the obligation ensure the financing and realization of the design and execution works of the connection installations for a length of up to 2,500 meters, and the financing of the difference in their length compared to the length of 2,500 meters and of the transformer station/electrical station, as the case may be, is ensured by users;</p> <ul style="list-style-type: none"> <li>▪ the term for making the connection, including the reception and commissioning of the connection installation, is a maximum of 120 days from the date of obtaining the agreement/authorization for the connection installation;</li> <li>▪ the connection installation becomes the property of DSO through the handover-acceptance report, on the date of its commissioning, in accordance with the provisions of the connection contract;</li> <li>▪ the user whose place of consumption is supplied by a connection installation made in accordance with the provisions of the procedure, has the obligation to use the place of consumption and to keep its destination for a period of 15 years from the date of commissioning of the connection installation ;</li> <li>▪ DSO verifies the fulfillment of the user's obligation to use the place of consumption and to keep its destination at least once every year during the period of 15 years from the date of commissioning of the connection installation;</li> <li>▪ if the user does not comply with the obligation to use the place of consumption and to keep its destination for a period of 15 years from the date of commissioning of the connection installation, he is obliged to return to DSO the value of the design and execution works of the connection installation borne by the operator, proportional to the unused period, gradually.</li> </ul>
	<p><b>b) Prosumers</b> <i>No changes or additions to the legislation were issued until the moment of publication of this report.</i></p>
	<p><b>c) Storage</b> <i>No changes or additions to the legislation were issued until the moment of publication of this report.</i></p>
	<p><b>d) Distribution service performance standard</b> <i>No changes or additions to the legislation were issued until the moment of publication of this report.</i></p>
<b><u>Commercial Regulations</u></b>	<ul style="list-style-type: none"> <li>▪ <b>Draft Order for the amendment of the Procedure regarding the establishment of electricity consumption in the flat-rate system, approved by ANRE Order no. 190/2020</b> - public debate <ul style="list-style-type: none"> <li>▪ the drawing up by NO on the date of ascertaining the situation in which the electricity consumption cannot be determined by measurement of a Finding Note, this has the role of recording the technical problems identified at the measurement group, it is not necessary to sign it by the end customer ;</li> <li>▪ PV drawn up by NO is sent by him both to the final customer and to the electricity supplier within a maximum of 5 working days from the date of drawing up; based on the minutes, the supplier has the obligation to issue the invoice;</li> <li>▪ it is not necessary for the final customer to sign the verbal process, but he can dispute both the verbal process and the invoice issued by the supplier within a maximum of 20 days from the communication;</li> <li>▪ the elimination of the option of determining the consumption of electricity in a flat system based on the average consumption resulting from the consumption history of the last 3 years, established for a period of time equal in duration and similar in terms of consumption conditions to that in which the measurement group did not work; in the situation where there is no consumption history of the last 3 years, the average consumption is established based on the consumption history related to a period of 2 years respectively or 1 year, as the case may be, because it is no longer applicable considering that the recalculation is based on the average daily consumption of the new meter;</li> <li>▪ introduction of the model of the assessment note drawn up by the NO;</li> <li>▪ the introduction of the finding report model in the situation where the meter is/is not subject to metrological verification in an authorized metrology laboratory.</li> </ul> </li> </ul>
<b><u>Compliance Regulation</u></b>	<ul style="list-style-type: none"> <li>▪ <b>Draft Order regarding the modification and completion of the Regulation for the organization and development of investigative activity in the field of energy regarding the operation of the wholesale energy market, approved by ANRE Order no. 25/2017</b> - public consultation <ul style="list-style-type: none"> <li>▪ allows investigators access to national classified information, with subsequent authorization to issue security certificates;</li> <li>▪ introduces a substantiation note for completing the preliminary analysis, with the aim of aligning the articles of the regulation;</li> </ul> </li> </ul>

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	<ul style="list-style-type: none"> <li>▪ establishes a deadline of 60 days for performing the preliminary analysis, with the possibility of extension by another 60 days, for efficiency;</li> <li>▪ standardizes the terminology for structures within ANRE according to the current institutional organization;</li> <li>▪ clarifies the internal approval procedure of the investigation report in its final form;</li> <li>▪ regulates the process of completing the investigation in the case of sanctions related to turnover;</li> <li>▪ clarifies the way of resolving complaints and introduces a preliminary analysis and a substantiation note;</li> <li>▪ change the deadline for initiating the complaint investigation from 90 to 60 days, subject to the approval of the substantiation note;</li> <li>▪ abrogates the prioritization of cases by the Directorate of Investigations, leaving this decision under the responsibility of the ANRE president;</li> <li>▪ remove the mention about the exercise of investigative powers by notifying the judicial authorities, because REMIT has specific provisions;</li> <li>▪ completes the rights of the members of the investigation team with those provided by REMIT;</li> <li>▪ require the investigated market participants to provide a declaration regarding the correctness and completeness of the documents provided, as well as to carry out correspondence/discussions with ANRE in Romanian;</li> <li>▪ adds the obligation of the investigation team to follow the implementation of the measures ordered by the decision to complete the investigation.</li> </ul>
<p><b><u>Sanctions and complaints</u></b></p>	<ul style="list-style-type: none"> <li>▪ <b>Draft Order for the amendment and completion of the Procedure regarding the establishment and individualization of contraventional sanctions related to the turnover resulting from the control activity</b> - public consultation             <ul style="list-style-type: none"> <li>▪ the amendment and completion of the Procedure takes into account the latest administrative changes in the organization of ANRE, but also its completion in the sense of regulating a new situation, that of the supervisory control action;</li> <li>▪ in the case of a surveillance-type control action, the notification note shall take the place of the control report provided for in art. 2(1).</li> </ul> </li> <li>▪ <b>Draft Order for the amendment of the Procedure regarding the settlement of complaints of interested parties in the energy sector, approved by ANRE Order no. 194/2020</b> – public consultation             <ul style="list-style-type: none"> <li>▪ is modified considering the provisions of the Electricity and Natural Gas Law no. 123/2012, art. 7<sup>2</sup> Settlement of complaints and by way of derogation from the provisions of GEO no. 27/2002 regarding the regulation of the activity of resolving petitions, approved with changes and additions by Law no. 233/2002, with subsequent changes;</li> <li>▪ in the approval report, ANRE motivates the changes because of the increase in the number of complaints registered with ANRE, the proposals received from the internal auditors, the IT changes in the organization of the institution, which also generated changes in the storage and archiving of complaint files, and especially the situations in practice as a result of the application of the provisions of the normative act.</li> </ul> </li> <li>▪ <b>Draft Order regarding the modification and completion of the Procedure regarding the establishment and individualization of contraventional sanctions related to turnover, by the Regulatory Committee of ANRE, as a result of investigative actions, approved by ANRE Order no. 13/2022</b> - public consultation             <ul style="list-style-type: none"> <li>▪ modification of the procedure for indicating all relevant legal provisions from Law no. 123/2012 governing the establishment of sanctions proportional to the turnover of the investigated legal entities.</li> <li>▪ the repeal of some provisions that do not correlate with the current provisions.</li> <li>▪ changing the terminology for the document issued by the department responsible for investigations, modifications and additions to the provisions regarding the documents presented for analysis and debate sent to the Regulatory Committee, for establishing and individualizing the sanction provided by law. Paper documents are sent to the Regulatory Committee only upon its express request</li> <li>▪ changes and additions to the documents presented for analysis and debate to the Regulatory Committee, including aspects related to the implementation of its decisions.</li> <li>▪ clarifications regarding the determination of the turnover and the introduction of clarifications regarding the method of requesting the necessary information for establishing the sanction.</li> <li>▪ changes to the criteria for individualizing the sanction and classifying the facts according to gravity.</li> </ul> </li> </ul>
<p><b>Primary legislation:</b></p>	<ul style="list-style-type: none"> <li>▪ <b>Emergency Ordinance no. 32/2024</b> - effective from April 1, 2024             <ul style="list-style-type: none"> <li>▪ modify and supplement GEO no. 27/2022 for the period April 1, 2024 - December 31, 2024, modifies CEAM, so that DSO buys electricity from OPCOM at the price of 400 lei/MWh, and producers will voluntarily sell to OPCOM at the price of 400 lei/MWh.</li> </ul> </li> </ul>
<p><b>Alignment with the</b></p>	<p><b><u>Electricity market functioning</u></b></p> <ul style="list-style-type: none"> <li>▪ <b>ANRE order no. 2/2024 for the amendment of the Regulation regarding the organized trading framework on the organized future electricity</b></li> </ul>

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<p><b>European legislation - EU Regulation no. 943/2019:</b></p>	<p><b>markets administered by the Electric Energy and Natural Gas Market Operator OPCOM S.A. approved by ANRE Order no. 12/2023</b> – effective from February 22, 2024</p> <ul style="list-style-type: none"> <li>▪ Taking into account the approval of Order 95/2023 in which aggregation can be done cumulatively (producers, consumers and owners of storage facilities), the aggregation of market participants is carried out for production and/or consumption activity;</li> <li>▪ OPCOM carries out the provisions of the order and publishes on its website, within 10 days from the effective date of the order, the updated operational procedures.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>ANRE order no. 8/2024 for the modification of ANRE orders regarding the electricity market</b> - effective from from March 31, 2024                     <ul style="list-style-type: none"> <li>▪ Extending the term from which the provisions of ANRE Order no. 127/2021, respectively from April 1, 2024 to June 1, 2024, for the following reasons: Modification of the module relating to the settlement of BRP imbalances developed by the TSO as a result of the modification of the formulas for calculating the single final imbalance price:                             <ul style="list-style-type: none"> <li>○ The complexity of the process of implementing the new functions in the EMS - SCADA system and the module for activating the automatically activated frequency restoration reserves using the order of merit – RRFa;</li> <li>○ Application and process testing stage with all entities involved in the BPM activity, in addition, they must develop software applications necessary for data exchange with the BPM platform, as well as the training of operators in this regard;</li> <li>○ The very small volume of qualifications for the provision of system services as a number of participants in the electricity market, with an insufficient volume of reserves.</li> </ul> </li> </ul> </li> <li>▪ Taking into account the request of TSO to waive the deadline for joining the European balancing platforms for automatically activated frequency restoration reserves (RRFa) in July and respectively September 2024 for manually activated frequency restoration reserves ( RRFm), the purpose of the draft order is to include provisions for the bidding, selection and activation processes for the national balancing market (BPM) platform for the transitional period until the company joins the European platforms;</li> <li>▪ It is also necessary to extend its application period from April 1, 2024 to June 1, 2024 and ANRE Order no. 128/2021, for alignment with the provisions of ANRE Order no. 127/2021.</li> </ul> <ul style="list-style-type: none"> <li>▪ <b>ANRE Draft Order for the amendment of ANRE Order no. 124/2022 for the approval of the Rules for the management of congestion through the use on a market basis by the network operators of the flexibility of the resources in the distribution networks and those in the transport network, of the Rules applicable to the purchase of reactive electrical energy for the regulation of the voltage in the steady state of to the transport and system operator and the Rules applicable to the purchase of reactive electrical energy for voltage regulation in stationary mode by concessionaire distribution operators and for the modification and completion of ANRE Order no. 127/2021 for the approval of the Regulation on terms and conditions for balancing service providers and for frequency stabilization reserve providers and the Regulation on terms and conditions for parties responsible for balancing</b> - public consultation                     <ul style="list-style-type: none"> <li>▪ modification of the term of application of ANRE Order no. 124/2022 from May 1, 2024 to May 1, 2025;</li> <li>▪ extending the deadline for submission to ANRE of the operational procedures related to solving congestion based on the use of flexible resources to 28 months from the entry into force of ANRE Order no. 124/2022. =&gt; February 2025.</li> </ul> </li> </ul>

Source: Electrica

### A.9.2.2 Supply segment

In 2024, with an impact on the electricity and natural gas supply activity, the following normative acts were adopted:

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<p><b>a. Primary legislation:</b></p> <ul style="list-style-type: none"> <li>▪ <b>GEO No 27/2022</b> on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as amending and supplementing certain regulatory acts in the field of energy:</li> </ul>



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- the period of application of the support (capping) scheme is 1 year, i.e. 1 April 2022 - 31 March 2023.
- For electricity the final invoiced price is: maximum 0.68 lei/kWh (VAT included) for household customers with average monthly consumption (achieved at the place of consumption in 2021) less than or equal to 100 kWh, maximum 0.8 lei/kWh (VAT included) for household customers with average monthly consumption between 100 kWh and 300 kWh inclusive, maximum 1 lei/kWh (VAT included) for non-household customers (the framing of household customers is made according to the average monthly consumption achieved in 2021, the capped prices will apply for the entire period regardless of the amount consumed. In the case of household customers who were not initially included in the cap but whose consumption in 2022 is included, suppliers issue regularisation invoices in February 2023 using the capped price for the period in which they consumed).
- for natural gas the final invoiced price is: maximum 0.31 lei/kWh (VAT included) for household customers, maximum 0.37 lei/kWh (VAT included) for non-household customers whose annual consumption of natural gas in 2021 at the place of consumption is 50,000 MWh or less and for thermal energy producers;
- customers connected after 1 January 2022 will be invoiced with a ceiling: domestic electricity customers at 0.68 lei/kWh (with minimum ceiling), domestic gas customers at 0.31 lei/kWh (category ceiling), non-household electricity customers at 1 lei/kWh (category ceiling) and non-household gas customers at 0.37 lei/kWh (regardless of consumption);
- customers who do not fall under the ceiling will have monthly adjustable prices, the variable being a correction component for the purchase price, so that the cost of purchase (with PE within 5%) is passed on to the final customers. The exception is only the first two months of the application period, when the price is not adjustable. At the request of final customers, suppliers may also conclude supply contracts under conditions other than those provided for in the article referring to uncapped customers.
- the subscription is included in the cap; if the price in the current contracts with end customers is lower than the capped price, the contract price applies.
- The supply component is 73 lei/MWh for the electricity supply activity and 12 lei/MWh for the natural gas supply activity and for the customers taken over in the last resort it is 80 lei/MWh for the electricity supply activity and 13,5 lei/MWh for the natural gas supply activity (the GEO establishes the value of the supply component, without specifying that it is a maximum).
- for the purchase of electricity and natural gas, the monthly imbalance must not exceed 5% of the monthly energy value delivered to the final customers in the portfolio, which exceeds this threshold will not be recognized and settled; the purchase made for the last resort supply does not have the cost of balancing limited to 5%; the obligation appears to constitute in the period 1 April - 31 October 2022 storage deposits of at least 30% of the quantity of natural gas required for the consumption of the final customers in the portfolio.
- the recovery of the capping amounts is fully realized under the condition of respecting the limit of 5% of the cost with imbalances; the losses registered from the application of the support scheme in the period 1 November 2021 - 31 March 2022 can also be recovered (a supply cost of 73 lei/MWh is accepted and we have the limitation of the cost with imbalances to 5% of the purchase cost) - for the recovery to be at a high level it is necessary to invoice all consumption, including FUJ, by the beginning of May.
- the supplier is obliged to notify customers about changes resulting from the application of the provisions of the GEO with the first invoice sent after the entry into force (the fine is between 100 thousand and 400 thousand lei).
- Fines: between 1-5% of the turnover for non-compliance with the ceiling and cost limits; between 20 thousand and 400 thousand lei for non-compliance with the provisions for supply in last resort; between 100 thousand and 400 thousand lei if we do not inform final customers, if we do not keep differentiated/segmented monthly records of customers, if we do not identify customers in order to apply the ceilings or if we do not submit the documents requested by ANRE.

- **Law No 206/2022** approving Government Emergency Ordinance No 27/2022 on measures applicable to final customers in the electricity and natural gas market between 1 April 2022 and 31 March 2023, and amending and supplementing certain regulatory acts in the field of energy

The main new elements are the following:

- a single invoice form will be introduced, drawn up by joint Order of ANRE and ANPC;
- final electricity customers, who do not benefit from capping, will be invoiced the minimum between the price in the current supply contract and the final price resulting from the application of the GEO.
- final customers of natural gas are charged the minimum between the price in the contract, the capped final price and the price resulting from the application of the GEO.

- **GEO no. 119/2022** - Emergency Ordinance amending and supplementing Government Emergency Ordinance no. 27/2022 on measures applicable to end customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, and amending and supplementing certain regulatory acts in the field of energy

- the period of application of the support (capping) scheme is 1 September 2022-31 August 2023,

## 2024

- the final capped electricity bill price is: maximum 0.68 lei/kWh, (VAT included) for household customers whose average monthly consumption at the place of consumption in 2021 was between 0-100 kWh inclusive; maximum 0.80 lei/kWh (VAT included) for household customers whose average monthly consumption at the place of consumption in 2021 was between 100.01-300 kWh - for a monthly consumption that is maximum 255 kWh; maximum 1 leu/kWh (VAT included) for 85% of the average monthly consumption at the place of consumption in 2021, in the case of small and medium-sized enterprises (SMEs), economic operators in the food industry, public institutions; maximum 1 leu/kWh (VAT included)

for the full consumption of public and private hospitals, public and private educational establishments, crèches, public and private social service providers. In order to benefit from the facilities provided for by this GEO as from 1 September 2022, the above-mentioned non-household customers are required to submit to their electricity supplier an application accompanied by an affidavit within a maximum of 30 days from the date of entry into force of this GEO. Beneficiaries covered by the provisions of the GEO who have not submitted an application accompanied by an affidavit in September 2022, as well as those established after 1 September 2022, shall benefit from the provisions of this GEO as of the 1st of the month following their submission to the supplier.

- the capped final invoiced price for natural gas is: maximum 0.31 lei/kWh (VAT included) for household customers (also applies to household customers' consumption points connected as of 1 January 2022 or for household customers who have no history in 2021 with the supplier, based on monthly consumption); maximum 0.37 lei/kWh (VAT included) for non-household customers whose annual consumption of natural gas in 2021 at the consumption point is 50 or less. 000 MWh, as well as in the case of heat producers (also applies to consumption sites of non-household customers connected as of 1 January 2022);

- the amounts and tranches provided for the capping scheme may be modified by Government decision, depending on developments on the domestic and international electricity and natural gas markets and on geopolitical developments in Romania's neighbourhood;

- the electricity and gas supply component is 73 lei/MWh for electricity supply and 12 lei/MWh for gas supply;

- the compensation amounts for each supplier are determined by ANRE, within 30 days from the date of receipt of the settlement requests, submitted and registered with ANPIS (domestic customers) and ME (non-household customers) respectively, and copied to ANRE;

- the maximum value of the weighted average price of electricity at which ANRE calculates the amounts to be settled from the state budget for electricity suppliers is 1,300 lei/MWh;

- as from 1 September 2022, during the period of application of the provisions of this Emergency Ordinance, electricity producers, aggregated electricity generating entities, traders, suppliers carrying out trading activities and aggregators trading quantities of electricity and/or natural gas on the wholesale market shall pay a contribution to the Energy Transition Fund calculated in accordance with the methodology of this GEO;

- bilateral contracts concluded on the wholesale market by direct negotiation are reported to ANRE by the contracting parties within 2 working days from the date of conclusion;

- the successive sale of quantities of electricity or natural gas by traders and/or suppliers with trading activities, with the clear aim of increasing the price, is sanctioned by ANRE with a fine of 5% of turnover;

- **GEO No 153/2022** - Emergency Ordinance amending and supplementing Government Emergency Ordinance No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as amending and supplementing certain regulatory acts in the field of energy and amending Government Emergency Ordinance No 119/2022 amending and supplementing Government Emergency Ordinance No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as amending and supplementing certain regulatory acts in the field of energy.

- for the period from 1 January 2023 to 31 March 2025, the mechanism for centralised purchasing of electricity shall be established

- The mechanism provides - OPCOM, as the single buyer, buys electricity from generators (electricity generators with an installed capacity of 10 MW or more) and sells the purchased electricity to electricity suppliers with contracts with final customers, the electricity transmission system operator and electricity distribution operators to cover their own technological consumption; the price paid by OPCOM to electricity producers for the quantities of electricity sold by them is 450 lei/MWh and the OPCOM sales price to economic operators is also 450 lei/MWh (OPCOM has the right to charge market participants tariffs/commissions at the level of the costs incurred through the organisation of the centralised electricity purchase mechanism); OPCOM organises an annual procurement procedure and an additional procurement procedure each month for the quantities of electricity to be delivered in the following month; the annual and monthly quantities of electricity are binding obligations for electricity producers and economic operators and are distributed evenly over all the settlement intervals of each month (contracts are concluded by signature within a maximum of 3 working days).

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- **Law no. 357/2022** - Law on the approval of Government Emergency Ordinance no. 119/2022 on the amendment and completion of Government Emergency Ordinance no. 27/2022 on measures applicable to end customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, and on the amendment and completion of certain energy-related regulations
  - GEO No. 119/2022 is approved to amend and supplement GEO No. 27/2022 with some modifications; the electricity price cap is extended until 31 March 2025;
  - the capped final invoiced price of electricity supplied to household customers in the period from 1 January 2023 to 31 March 2025 is:
    - 0.68 lei/kWh, VAT included, for consumption during the period 1 January 2023 - 31 March 2025 by the following categories of customers: a) domestic customers whose monthly consumption is between 0 and 100kWh inclusive; b) domestic customers who use medical devices, appliances or equipment necessary for treatment, on the basis of an application and a declaration on their own responsibility submitted in writing to Electrica Furnizare S.A., c) household customers who have at least 3 dependent children up to the age of 18, or 26 if they are in education, on the basis of an application and a declaration on their own responsibility submitted in writing to Electrica Furnizare S.A., and the final invoiced price shall apply from the first day of the month following the month in which the said documents were submitted, d) single-parent household customers who have at least one dependent child aged up to 18 years, or 26 years if the child is in education, on the basis of an application and a declaration on their own responsibility submitted in writing to Electrica Furnizare S.A., and the final invoiced price shall apply from the first day of the month following the month in which the said documents were submitted.
    - 0.80 lei/kWh, VAT included, for consumption during the period 1 January 2023 - 31 March 2025 by household customers whose monthly consumption at the place of consumption is between 100.01 and 255 kWh. Electricity consumption between 255 and 300 kWh/month is invoiced at a price of 1.3 lei/kWh, VAT included. If consumption exceeds 300 kWh/month, the entire consumption is billed at 1.3 lei/kWh including VAT.
    - 1.3 lei/kWh, VAT included, for household consumers not covered above.
  - the electricity price caps for non-household final customers are:
    - maximum 1 lei/kWh, for 85% of the average monthly consumption at the place of consumption (application and affidavit of the legal representative) for: SMEs, Regional Operators (Law no. 51/2006), Bucharest Metro Transport Company "Metrorex" - S.A., as well as airports, which are under the subordination/coordination or authority of the Ministry of Transport and Infrastructure, economic operators in the food industry sector, identified by CAEN code 10, and those in the agriculture and fisheries sector, identified by CAEN codes 01 and 03, local public authorities and institutions, deconcentrated public services of ministries and other central bodies, companies and commercial companies of county, municipal or local interest, autonomous companies and all public and private entities providing a public service, national research and development institutes;
    - maximum 1 leu/kWh, for the full consumption of public and private hospitals, public and private educational establishments, crèches and public and private providers of social services listed in the social services nomenclature;
    - maximum 1 leu/kWh, VAT included, for 85% of the monthly consumption at the place of consumption of public institutions other than those referred to above, as well as for places of consumption belonging to officially recognised religions in Romania;
    - non-household customers who do not fall into one of the above categories pay a price capped at a maximum of 1.3 lei/kWh, including VAT.
  - as far as the price of natural gas to non-household customers is concerned, the beneficiaries of the price capped at a maximum of 0.37 lei/kWh, including VAT, include non-household customers in industrial parks regulated by Law no. 186/2013, as well as those in closed distribution systems defined under Law no. 123/2012. In addition, the consumption limit of 50,000 MWh will refer to the year prior to the current year (not to 2021); for consumption places of non-household customers connected after 1 January 2022, the cap applies only within the limit of an annual consumption of no more than 50,000 MWh.
  - the principle is maintained that, when billing electricity and natural gas, suppliers must apply the lower of (i) the maximum capped final price, (ii) the contract price or (iii) the final price calculated in accordance with Articles 5 and 6, only in the case of natural gas.
- **GEO no. 192/2022** - Emergency Ordinance amending and supplementing Government Emergency Ordinance no. 27/2022 on measures applicable to end customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, and amending and supplementing certain regulatory acts in the field of energy
  - the final invoiced price for electricity of maximum 0,68 lei/kWh shall be applied to household customers whose place of consumption is occupied by persons who use medical devices, appliances or equipment supplied from the electricity grid, necessary for medical treatment, on the basis of a confirmation from the medical specialist and a request submitted to the supplier; for January 2023, instead of the medical confirmation, an affidavit shall be submitted; the capped final invoiced price shall be applied from the first day of the month following the month in which the documents referred to above were submitted;

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- the capping also applies to places of consumption used under a rental contract, the following documents shall be submitted to the supplier by the household customer: the application for the application of the capped price, the copy of the rental contract, the tenant's affidavit that he/she falls into one of the categories benefiting from the capping or the medical confirmation, as the case may be".
- The electricity cap applies to all consumption points of a household customer according to the consumption at each of them.
- the annual and monthly centralised purchasing mechanisms (MACEE) are modified with regard to the transmission of forecasts and quantities purchased, guarantees, payments, etc.

- **GEO no. 32/2024** - Emergency Ordinance amending and supplementing Government Emergency Ordinance no. 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period 1 April 2022-31 March 2023, as well as amending and supplementing certain regulatory acts in the field of energy and adopting certain measures in the field of energy.  
The main changes are:
  - the supply component: for electricity it remains unchanged, for natural gas it increases to 15 lei/MWh from 1 April 2024 for both FUI and non-FUI (price caps remain unchanged) ;
  - from 1 April 2024 the rule of paying 40% of the ceiling amount within 10 days of the date of submission no longer applies. There will be 10 days for the whole amount from the date ANRE confirms to ME/ANPIS the correctness of the data, "within the limit of the amounts available in the Energy Transition Fund and other legally constituted amounts" ;
  - deadlines are specified for entering the settlement data into the ANRE platform:
    - 30 July 2024 for the period September 2022 to August 2023
    - 31 December 2024 for the period September 2023 - August 2024
    - 30 July 2025 for the period September 2024 - March 2025
  - from 1 April 2024 the price at which natural gas producers carrying out both onshore and/or offshore extraction activities and natural gas sales activities decrease from 150 lei/MWh to 120 lei/MWh;
  - from 1 April 2025 to 31 March 2026, suppliers can only draw up offers for final customers if the purchase covers at least 50% of their consumption needs;
  - suppliers will receive guarantees of origin for the quantity contracted through the MACEE;
  - increases to 10% the percentage for profit accepted for over-taxation of trading activity
  - the price of the MACEE is modified as from 1 April 2024: it decreases from 450 lei/MWh to 400 lei/MWh. At the same time, generators can voluntarily sell on the MACEE from 1 April 2024;
  - the limit of the average purchase price accepted for the settlement of the capped amounts is lowered to 700 lei/MWh for consumption after 1 April 2024.
- **GEO no. 31/2024** - Emergency Ordinance on the regulation of certain fiscal-budgetary measures and on the amendment and completion of certain normative acts - the provisions of Law no. 227/2015 on the Fiscal Code are amended with regard to Article<sup>181</sup> on the minimum tax, as follows:
  - Art.<sup>181</sup>, para. (14) shall read as follows: "This article shall not apply to economic operators regulated/licensed by the National Energy Regulatory Authority who, in the previous year, have obtained revenues from the distribution/supply/transport of electricity and natural gas in a proportion of more than 95% of the total revenues from which the revenues included in the Vs indicator referred to in paragraph (1) are deducted. (3) lit. (i) to (vii)."
  - Art.<sup>183</sup>, para. (11) is worded as follows: "Taxpayers regulated/licensed by the National Energy Regulatory Authority who, in the previous year, have obtained revenues from distribution/supply/transport of electricity and natural gas activities in a proportion exceeding 95% of the total revenues minus the revenues included in the Vs indicator referred to in paragraph (i) and (ii) of Article 183(1), shall be deemed to have obtained the following revenues. (2) lit. (i) to (vii) shall not be subject to this Article."
- **Law no. 113/2024** - Law on the approval of Government Ordinance no. 3/2023 amending and supplementing Government Emergency Ordinance no. 166/2022 on some measures for granting support to vulnerable categories of persons for the compensation of energy prices, partly supported by non-reimbursable external funds
  - GEO No 3 of 11 January 2023 is approved to amend and supplement GEO No 166/2022;

**b. Secondary legislation:**

During the reference period, at the level of the regulatory framework, the following changes and additions were registered:

- **ANRE Order no. 1/2024** - Order approving the Methodology for determining the level of the minimum stock of natural gas required to be built up in underground storage facilities during the period 1 April 2024 - 31 October 2024.

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- The methodology is approved, the purpose of which is to establish the method for determining the level of the minimum stock of natural gas that the holders of the natural gas supply license are obliged to build up in underground storage facilities during the period from 1 April 2024 to 31 October 2024;
- natural gas supply license holders shall fulfil their obligation to build up the minimum stock of natural gas by: storing natural gas on their own account by concluding storage contracts; concluding sale-purchase contracts relating to quantities of natural gas stored by another supplier; concluding agency contracts with another supplier;
- the quantities of natural gas representing the minimum stock to be stored represent 90% of the national storage capacity of the SI. The minimum natural gas stocks of the holders of supply licenses shall be broken down for each holder according to the share of the quantity of natural gas sold to final customers by the respective supplier in the gas year 2022/2023 in the total quantities of natural gas sold to final customers at national level.
- **ANRE Order no. 2/2024** - Order amending and supplementing the Regulation on the organized framework for trading on the organized forward electricity markets administered by OPCOM - S.A., approved by Order no. 12/2023 of the President of the National Energy Regulatory Authority.
  - The main amendments/completions to the Regulation on the organized framework for trading on the organized forward electricity markets administered by OPCOM are:
  - in the case of aggregated participation, the aggregator shall communicate to the PO the list of aggregated participants and the PO shall include it, as an annex, in the Participation Agreement for bilateral electricity contract markets;
  - the party terminating a contract concluded on PCCB-LE-flex shall notify the PO and the PO shall publish this information on its website and exclude that contract from the calculation of the corresponding market indices.
- **ANRE Order no. 4/2024** - Order on the establishment of the mandatory quota for the purchase of green certificates for the year 2023
  - the mandatory quota for the purchase of green certificates by economic operators who are obliged to purchase green certificates for 2023 is set at 0.4946974 green certificates/MWh (compared to 0.4943963 CV/MWh estimated quota for 2023 and 0.4934314 CV/MWh mandatory quota for 2022);
  - enters into force on 1 March 2024.
- **ANRE Order no. 6/2024** - Order amending and supplementing the Regulation on the supply of electricity to final customers, approved by Order of the President of the National Energy Regulatory Authority no. 5/2023, and amending the Regulation on the supply of natural gas to final customers, approved by Order of the President of the National Energy Regulatory Authority no. 29/2016
  - the provisions of Chapter I of GEO 120/2021 and those of Law 296/2023 on electronic invoicing RO e-Invoice and e-Invoice in Romania are harmonized with the provisions of RFEE and RFGN;
  - the structure of the elements to be included in the invoice has been modified in order to correlate with the fields available in the electronic system RO e-Invoice (some of the minimum priority information will be included by the supplier in the invoice, and others may also be included in the invoice annex, which represent the invoicing details, any outstanding payment obligations and penalty interest for late payment of the invoice will be highlighted as information);
  - the provisions on the method of invoice transmission for customers for whom the obligation to transmit the invoice via the national electronic invoicing system applies (mainly non-households) have been amended, with the introduction of the provision that, in their case, the invoice and the documents attached to it are transmitted by the supplier via the electronic invoicing system;
  - the provision that, at the request of the final customer, the supplier is obliged to send a copy of the invoice has been reworded and remains applicable only to customers who are not subject to the obligation to send their invoices via the national e-invoicing system (predominantly domestic);
  - natural/legal persons (generators, non-concessionary distribution operators, not holding a supply license) are obliged to publish on their website universal service offers applicable to household customers supplied directly from the electricity installations of the generating units/electricity networks they operate or located in the vicinity of these networks and to transmit the universal service offer to household customers who request this offer, by one of the communication channels mail, e-mail, portal, according to the customer's choice.
- **ANRE Order no. 8/2024** - Order amending some orders of the President of the National Energy Regulatory Authority on the electricity market
  - the provisions of ANRE Orders No 128/2021 and No 127/2021 (Order approving the Regulation on terms and conditions for balancing service providers and frequency stabilization reserve providers and the Regulation on terms and conditions for balancing parties and amending and repealing certain orders of the President of the National Energy Regulatory Authority) will apply from 1 June 2024;
- **ANRE Order no. 9/2024** - Order amending the Order of the President of the National Energy Regulatory Authority no. 124/2022 on the approval of the Rules for congestion management through the market-based use by network operators of the flexibility of distribution network resources and transmission network resources, of the Rules applicable to the purchase of reactive electricity for voltage regulation in stationary mode by the transmission and system operator and of the Rules applicable to the purchase of reactive electricity for voltage regulation in stationary mode by the concessionary distribution operators and on the amendment and completion of the Order of the President of the National Energy Regulatory Authority no. 127/2021 approving the Regulation on terms and conditions for balancing service providers and frequency stabilization reserve providers and the Regulation on terms and conditions for balancing parties and amending and repealing some orders of the President of the National Energy Regulatory Authority.

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- the provisions of Article 6 of ANRE Order no. 124/2022 are amended to the effect that the National Electricity Transmission Company Transelectrica - S.A., Retele Electrice Muntenia - S.A., Retele Electrice Dobrogea - S.A. and Retele Electrice Banat - S.A., Distributie Energie Electrica Romania - S.A., Distributie Energie Oltenia - S.A. and Delgaz Grid - S.A. shall draw up their own operational procedures for implementing the provisions of Annex No 1 by 5 April 2025.
- Article 8(2) of ANRE Order No 124/2022 shall be amended to the effect that the provisions of Articles 1, 3 and 4 shall enter into force on the date of publication and shall apply from 1 May 2025 (they shall no longer apply from 1 May 2024, i.e. application shall be postponed for one year).

Source: Electrica

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## Glossary

<b>ANRE</b>	Romanian Energy Regulatory Authority
<b>BoD</b>	Board of Directors
<b>BPM</b>	Balancing Market
<b>BRP</b>	Balance Responsible Party
<b>BSE</b>	Bucharest Stock Exchange
<b>CAPEX</b>	Capital Expenditure
<b>CGC</b>	Corporate Governance Code
<b>CMBC (EA/CN)</b>	Centralized Market for Bilateral Contracts (Extended Auction/Continuous Negotiation)
<b>CMC</b>	Competitive Market Component
<b>CMNG-AN</b>	Centralized Market for Bilateral Natural Gas Contracts – Auction and Negotiation
<b>CMNG-PA</b>	Centralized Market for Bilateral Natural Gas Contracts – Public Auction
<b>CMNG – OTC</b>	Centralized Market for Bilateral Natural Gas Contracts – OTC
<b>CMUS</b>	Centralized Market for Universal Service
<b>CNTEE</b>	The National Transmission System Operator
<b>DAM</b>	Day Ahead Market
<b>DAM-NG</b>	Day Ahead Market – Natural Gas
<b>DEER</b>	Distributie Energie Electrica Romania
<b>DSO</b>	Distribution System Operator
<b>EBIT</b>	Earnings before interest and tax
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortization
<b>EDN</b>	Electrical Distribution Network
<b>ELSA</b>	Electrica S.A.
<b>EGMS</b>	Extraordinary General Meeting of Shareholders
<b>ETN</b>	Electrical Transport Network
<b>EU</b>	European Union
<b>EUR</b>	EURO, the monetary unit of several member states of the European Union
<b>FPM-LT</b>	Medium and Long Term Flexible Products Market
<b>GC</b>	Green Certificates
<b>GDP</b>	Gross Domestic Product
<b>GDR</b>	Global Depositary Receipts



<b>GEO</b>	Government Emergency Ordinance
<b>GMS</b>	General Meeting of Shareholders
<b>HV</b>	High Voltage
<b>IAS</b>	International Accounting Standard
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standard
<b>IM-NG</b>	Intraday Market for Natural Gas
<b>IPO</b>	Initial Public Offering
<b>IR</b>	Investor Relations
<b>ISIN</b>	International Securities Identification Number
<b>KPI</b>	Key Performance Indicators
<b>kV</b>	KiloVolt
<b>LR</b>	Last Resort
<b>LV</b>	Low Voltage
<b>MACEE</b>	Centralized Electricity Acquisition Mechanism (CEAM)
<b>MV</b>	Medium Voltage
<b>MVA</b>	Mega Volt Ampere
<b>MWh</b>	MegaWatt hour
<b>MKP</b>	Management Key Position
<b>NAFA</b>	National Agency for Fiscal Administration
<b>NES</b>	National Energy System
<b>NL</b>	Network Losses
<b>NO</b>	Network Operator
<b>NRC</b>	Nomination and Remuneration Committee
<b>OMPF</b>	Order of Ministry of Public Finances
<b>OGMS</b>	Ordinary General Meeting of Shareholders
<b>OHL</b>	Overhead Line
<b>OHS</b>	Occupational Health and Safety
<b>OPCOM</b>	Romanian Gas and Electricity market operator
<b>PP</b>	Percentage points
<b>RAB</b>	Regulated Asset Base
<b>REMIT</b>	Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency

<b>RM</b>	Retail Market
<b>RON</b>	Romanian monetary unit
<b>RRR</b>	Regulated Rate of Return
<b>SAD</b>	Distribution Automation System
<b>SCADA</b>	Supervisory Control And Data Acquisition
<b>SDMN</b>	Societatea de Distributie a Energiei Electrice Muntenia Nord
<b>SDTN</b>	Societatea de Distributie a Energiei Electrice Transilvania Nord
<b>SDTS</b>	Societatea de Distributie a Energiei Electrice Transilvania Sud
<b>SEM</b>	Servicii Energetice Muntenia SA
<b>SEO</b>	Servicii Energetice Oltenia SA
<b>SoLR</b>	Supplier of last resort
<b>TAC</b>	Technical Approval for Connection
<b>TWh</b>	TeraWatt hour
<b>TSO</b>	Transmission and system operator
<b>UM</b>	Unit of Measurement
<b>US</b>	Universal Service
<b>VAT</b>	Value Added Tax



**SOCIETATEA ENERGETICA ELECTRICA S.A.**

Condensed Consolidated Interim Financial Statements

as at and for the three-month period ended

**31 March 2024**

prepared in accordance with

**International Financial Reporting Standards as adopted by the European Union**

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 March 2024**  
PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ADOPTED BY THE EUROPEAN UNION

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**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2024

(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	31 March 2024 (unaudited and not reviewed)	31 December 2023 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets related to concession arrangements		6,319,991	6,220,530
Other intangible assets		27,679	27,822
Goodwill		24,663	24,663
Property, plant and equipment		596,234	594,994
Investments in associates		16,633	16,638
Other investments		7,000	7,000
Deferred tax assets	10	36,051	32,404
Right of use assets		55,883	40,993
Other non-current assets		76,451	51,954
<b>Total non-current assets</b>		<b>7,160,585</b>	<b>7,016,998</b>
<b>Current assets</b>			
Trade receivables	11	3,090,082	2,540,442
Subsidies receivable	7	2,310,328	2,614,535
Other receivables		52,820	93,832
Cash and cash equivalents	12	250,743	377,215
Inventories		92,109	115,660
Prepayments		28,754	12,935
Current income tax assets		201	-
Assets held for sale		280	280
<b>Total current assets</b>		<b>5,825,317</b>	<b>5,754,899</b>
<b>Total assets</b>		<b>12,985,902</b>	<b>12,771,897</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		3,464,436	3,464,436
Share premium		103,049	103,049
Treasury shares reserve		(75,372)	(75,372)
Pre-paid capital contributions in kind from shareholders		7	7
Revaluation reserve		157,817	159,536
Legal reserves		449,363	449,363
Retained earnings		1,388,880	1,259,396
<b>Total equity attributable to the owners of the Company</b>		<b>5,488,180</b>	<b>5,360,415</b>
Non-controlling interests		(509)	(451)
<b>Total equity</b>		<b>5,487,671</b>	<b>5,359,964</b>

(Continued on page 2)

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2024

*(All amounts are in THOUSAND RON, if not otherwise stated)*

	Note	31 March 2024 (unaudited and not reviewed)	31 December 2023 (audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	14	2,063,159	794,348
Lease liability – long term		38,194	29,143
Deferred tax liabilities	10	112,346	121,318
Employee benefits		151,358	151,358
Other payables	13	35,834	37,161
<b>Total non-current liabilities</b>		<b>2,400,891</b>	<b>1,133,328</b>
<b>Current liabilities</b>			
Current portion of long-term bank borrowings	14	526,024	523,294
Lease liability – short term		20,021	14,052
Bank overdrafts	12	2,357,941	2,851,221
Trade payables		1,109,904	1,671,478
Other payables	13	856,236	1,035,084
Deferred revenue		8,172	7,837
Employee benefits		110,133	120,548
Provisions	16	40,283	41,167
Current tax liabilities		68,626	13,924
<b>Total current liabilities</b>		<b>5,097,340</b>	<b>6,278,605</b>
<b>Total liabilities</b>		<b>7,498,231</b>	<b>7,411,933</b>
<b>Total equity and liabilities</b>		<b>12,985,902</b>	<b>12,771,897</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

15 May 2024

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

AS AT 31 MARCH 2024

(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Three-month period ended	
		31 March 2024 (unaudited and not reviewed)	31 March 2023 (unaudited and not reviewed)
Revenue	6	2,233,985	2,494,984
Other income	7	335,753	1,016,518
Electricity, natural gas and merchandise purchased	8	(1,543,100)	(2,842,477)
Construction costs related to concession agreements		(225,948)	(127,218)
Employee benefits		(234,768)	(206,843)
Repairs, maintenance and materials		(16,855)	(30,563)
Depreciation and amortization		(151,445)	(127,218)
Impairment for trade and other receivables, net		(21,595)	(8,602)
Other operating expenses		(126,716)	(103,017)
<b>Operating profit</b>		<b>249,311</b>	<b>21,489</b>
Finance income		1,612	6,533
Finance costs		(81,143)	(70,972)
<b>Net finance cost</b>		<b>(79,531)</b>	<b>(64,439)</b>
<b>Share of results of associates</b>		(4)	(2)
<b>Profit/(Loss) before tax</b>		<b>169,776</b>	<b>(42,952)</b>
Income tax expense	10	(42,069)	(90)
<b>Net profit/(loss)</b>		<b>127,707</b>	<b>(43,042)</b>
<b>Net profit/(loss) attributable to:</b>			
- owners of the Company		127,765	(43,001)
- non-controlling interests		(58)	(41)
<b>Net profit/(loss)</b>		<b>127,707</b>	<b>(43,042)</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (RON)	9	<b>0.38</b>	<b>(0.13)</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

15 May 2024

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2023  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
<b>Net profit/(loss)</b>	<b>127,707</b>	<b>(43,042)</b>
<b>Other comprehensive income</b>	-	-
<b>Total comprehensive profit/(loss)</b>	<b>127,707</b>	<b>(43,042)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>		
- owners of the Company	127,765	(43,001)
- non-controlling interests	(58)	(41)
<b>Total comprehensive profit/(loss)</b>	<b>127,707</b>	<b>(43,042)</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

**Chief Executive Officer**

Alexandru – Aurelian Chirita

**Chief Financial Officer**

Stefan Alexandru Frangulea

15 May 2024



**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares reserve	Capital contributions in kind from shareholders	Revaluation reserve	Legal reserves	Retained earnings			
<b>Balance at 1 January 2024 (audited)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>159,536</b>	<b>449,363</b>	<b>1,259,396</b>	<b>5,360,415</b>	<b>(451)</b>	<b>5,359,964</b>
<b>Comprehensive income</b>										
Profit for the period (unaudited and not reviewed)	-	-	-	-	-	-	127,765	127,765	(58)	127,707
<b>Total comprehensive profit (unaudited and not reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>127,765</b>	<b>127,765</b>	<b>(58)</b>	<b>127,707</b>
<b>Changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other changes in equity (unaudited and not reviewed)</b>										
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(1,719)	-	1,719	-	-	-
<b>Balance at 31 March 2024 (unaudited and not reviewed)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>157,817</b>	<b>449,363</b>	<b>1,388,880</b>	<b>5,488,180</b>	<b>(509)</b>	<b>5,487,671</b>

(Continued on page 6)

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Attributable to the owners of the Company							Total	Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares reserve	Capital contributions in kind from shareholders	Revaluation reserve	Legal reserves	Retained earnings			
<b>Balance at 1 January 2023 (audited)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>92,117</b>	<b>429,583</b>	<b>554,634</b>	<b>4,568,454</b>	<b>(516)</b>	<b>4,567,938</b>
<b>Comprehensive loss</b>										
Loss for the period (unaudited and not reviewed)	-	-	-	-	-	-	(43,001)	(43,001)	(41)	(43,042)
<b>Total comprehensive loss (unaudited and not reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(43,001)</b>	<b>(43,001)</b>	<b>(41)</b>	<b>(43,042)</b>
<b>Changes in ownership interests</b>										
	-	-	-	-	-	-	-	-	179	179
<b>Total changes in ownership interests</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>179</b>
<b>Other changes in equity (unaudited and not reviewed)</b>										
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(2,116)	-	2,116	-	-	-
<b>Balance at 31 March 2023 (unaudited and not reviewed)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>90,001</b>	<b>429,583</b>	<b>513,749</b>	<b>4,525,453</b>	<b>(378)</b>	<b>4,525,075</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

15 May 2024

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

		<b>Three-month period ended</b>	
<b>Note</b>		<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
<b>Cash flows from operating activities</b>			
	Profit/Loss	<b>127,707</b>	<b>(43,042)</b>
<b>Adjustments for:</b>			
	Depreciation	4,500	4,456
	Amortisation	146,945	122,762
	Impairment of trade and other receivables, net	21,595	8,602
	Change in provisions, net	(884)	(2,490)
	Net finance cost	79,531	64,439
	Income tax expense	42,069	90
	Share of loss of associates	4	2
		<b>421,467</b>	<b>154,819</b>
<b>Changes in:</b>			
	Trade receivables	(681,622)	(307,760)
	Subsidies receivable	304,207	(470,868)
	Other receivables	12,667	17,401
	Prepayments	(15,819)	(5,999)
	Inventories	23,551	12,879
	Trade payables	(391,655)	(31,821)
	Other payables	(152,720)	154,604
	Employee benefits	(10,415)	8,527
	Deferred revenue	335	8,159
		<b>(490,004)</b>	<b>(460,059)</b>
	<b>Cash used in operating activities</b>		
	Interest paid	(78,742)	(68,030)
		<b>(568,746)</b>	<b>(528,089)</b>
<b>Net cash used in operating activities</b>			

*(Continued on page 8)*

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

	Note	Three-month period ended	
		31 March 2024 (unaudited and not reviewed)	31 March 2023 (unaudited and not reviewed)
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment		(6,755)	(2,576)
Payments for network construction related to concession agreements		(313,476)	(188,636)
Payments for purchase of other intangible assets		(2,577)	(15,466)
Interest received		1,296	870
Payments for acquisition of subsidiaries, net of cash acquired		-	(1,924)
<b>Net cash used in investing activities</b>		<b>(321,512)</b>	<b>(207,732)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term bank borrowings	14	1,345,782	269,790
Proceeds/Payments from overdrafts	14	(498,318)	270,903
Repayment of long-term bank loans	14	(76,374)	(23,226)
Payment of lease liabilities		(7,304)	(7,922)
<b>Net cash generated from financing activities</b>		<b>763,786</b>	<b>509,545</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(126,472)</b>	<b>(226,276)</b>
Cash and cash equivalents at 1 January		377,215	334,887
<b>Cash and cash equivalents at 31 March</b>	12	<b>250,743</b>	<b>108,611</b>

*The accompanying notes are an integral part of these condensed consolidated interim financial statements.*

The non-cash transactions are disclosed in Note 12.

**Chief Executive Officer**  
Alexandru – Aurelian Chirita

**Chief Financial Officer**  
Stefan Alexandru Frangulea

15 May 2024

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

**1 Reporting entity and general information**

These financial statements are the condensed consolidated interim financial statements of Societatea Energetica Electrica S.A. ("the Company" or "Electrica SA") and its subsidiaries (together "the Group") as at and for the three-month period ended 31 March 2024.

The registered office of the Company is 9 Grigore Alexandrescu Street, District 1, Bucharest, Romania. The Company has sole registration code 13267221 and Trade Register registration number J40/7425/2000.

As at 31 March 2024 and 31 December 2023, the major shareholder of Societatea Energetica Electrica S.A. is the Romanian State, represented by the Ministry of Energy with an ownership share of 48.79% from the share capital.

The Company's shares are listed on the Bucharest Stock Exchange and the global depository receipts ("GDRs") are listed on the London Stock Exchange (LSE). The shares traded on the London Stock Exchange are the global depository receipts, one global depository receipt representing four shares. The Bank of New York Mellon is the depository bank for these securities.

As at 31 March 2024 and 31 December 2023, the Company's subsidiaries are the following:

<b>Subsidiary</b>	<b>Activity</b>	<b>Sole registration code</b>	<b>Head Office</b>	<b>% shareholding as at 31 March 2024</b>	<b>% shareholding as at 31 December 2023</b>
Distributie Energie Electrica Romania S.A. ("DEER")	Electricity distribution in geographical areas Transilvania Nord, Transilvania Sud and Muntenia Nord	14476722	Cluj-Napoca	99.99999929%	99.99999929%
Electrica Furnizare S.A. ("EFSA")	Electricity and natural gas supply	28909028	Bucuresti	99.9998444099934%	99.9998444099934%
Electrica Serv S.A. ("SERV")	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	99.99998095%	99.99998095%
Sunwind Energy S.R.L. ("SWE")	Electricity generation	42910478	Bucuresti	100%	100%
New Trend Energy S.R.L. ("NTE")	Electricity generation	42921590	Constanta	60%	60%
Foton Power Energy S.R.L. ("FPE")	Electricity generation	43652555	Constanta	60%	60%

As at 31 March 2024 and 31 December 2023, the Company's associates are the following:

<b>Associate</b>	<b>Activity</b>	<b>Sole registration code</b>	<b>Head Office</b>	<b>% shareholding as at 31 March 2024</b>	<b>% shareholding as at 31 December 2023</b>
Crucea Power Park S.R.L. ("CPP")	Electricity generation	25242042	Constanta	40%	40%

***Changes in Group structure for the three-months period ended 31 March 2024***

In the first three months of 2024, there are no changes in the Group's structure.

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

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***Changes in Group structure during 2023***

Acquisition of shares in subsidiaries

On 6 February 2023, Electrica completed the acquisition of Green Energy Consultancy & Investments S.R.L., having as main object of activity the production of energy from photovoltaic sources. Green Energy Consultancy & Investments S.R.L. develops the photovoltaic project "Vulturul", with a designed installed capacity of 12 MWp DC (peak power at the panels level) and 9.75 MW AC (authorised power for delivery into the grid), located near Vulturul locality, Vrancea county. The project is in the "ready-to-build" phase.

On 24 March 2023, Electrica completed the acquisition of Sunwind Energy S.R.L, which has as its main activity production of energy from photovoltaic sources. Sunwind Energy develops the photovoltaic project "Satu Mare 2", with an installed capacity of 27 MW. The project is in the "ready-to-build" phase and is located in the vicinity of Botiz commune, Satu Mare county. Also, the Financing Contract was signed between Sunwind Energy SRL as the Beneficiary and the Ministry of Energy as the coordinator of reforms and/or investments for the National Recovery and Resilience Plan (NRRP).

On 31 July 2023, Electrica acquired an additional 30% of the shares and voting interests in Foton Power Energy S.R.L., having as main object of activity the production of energy from photovoltaic sources. As a result, the Group's equity interest increased from 30% to 60%, thus, Foton Power Energy S.R.L. becoming a subsidiary of Electrica Group. Foton Power Energy S.R.L. develops the photovoltaic project "Bihor 1", with a projected installed capacity of 77.5 MW, located near Oradea.

Acquisition of shares in associates

On 15 May 2023, Electrica acquired an additional 10% of the shares and voting interests in Crucea Power Park S.R.L.. As a result, the Group's equity interest increased from 30% to 40%.

Merger by absorption within the Group

On 20 December 2023, the Extraordinary General Meeting of the Company's Shareholders (AGEA) approved the merger by absorption between Societatea Energetica Electrica SA ("ELSA"), Societatea Electrica Productie Energie SA ("EPE"), Electrica Energie Verde 1 SRL ("EEV1") and Green Energy Consultancy & Investments SRL ("GECI") (together the "Companies") and the participation of the Companies in the merger, with Societatea Energetica Electrica SA as absorbing company, Electrica Productie Energie SA, Electrica Energie Verde 1 SRL and Green Energy Consultancy & Investments SRL as absorbed companies, with the effective date of the merger being 31 December 2023.

***Group's main activities***

The activities of the Group include operation and construction of electricity distribution networks and electricity and natural gas supply to final consumer, as well as energy production from renewable sources. The Group is the electricity distribution operator and the main electricity supplier in Muntenia Nord area (Prahova, Buzau, Dambovită, Braila, Galati and Vrancea counties), Transilvania Nord area (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita Nasaud counties) and Transilvania Sud area (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties), operating with transformation station and 0.4 kV to 110 kV power lines.

The Company's distribution subsidiary, Distributie Energie Electrica Romania S.A. which resulted from the merger through absorption of the three distribution subsidiaries Societatea de Distributie a Energiei Electrice Transilvania Nord S.A., Societatea de Distributie a Energiei Electrice Muntenia Nord S.A. and Societatea de Distributie a Energiei Electrice Transilvania Sud S.A. now operates electric lines in 18 counties, from three geographical areas of the country, representing 40.7% of the Romanian territory, and serves over 3.93 million users. It invoices the electricity distribution service to electricity suppliers (mainly to Electrica Furnizare S.A. subsidiary) which further invoices the electricity

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

consumption to final consumers.

Electrica Furnizare S.A. is active on both the competitive market and as the supplier of last resort for aprox. 3.5 million clients. Electrica Furnizare S.A. holds an electricity supply license that covers the entire territory of Romania, which was extended in 2021 for a period of 10 years. At the same time, Electrica Furnizare S.A. ensures the supply of electricity for household customers in a universal service regime. At the same time, it also holds a license for carrying out the activity of natural gas supply, valid until 2032.

Through the acquisition of the new subsidiary Electrica Energie Verde 1 S.R.L. (formerly Long Bridge Milenium S.R.L.) as of 31 August 2020, establishment of a new legal entity Electrica Productie Energie S.A. and also the five shares sales and purchase agreements in five project companies having as main activity the production of energy from renewable sources the Group entered on the electricity generation segment, in particular from renewable sources. Currently, one of the project companies has been absorbed through merger by the parent company where a photovoltaic park with a capacity of 12 MW is being developed.

Through the merger that took place on 31 December 2023 between the parent company and its former subsidiary, Electrica Energie Verde 1 S.R.L., Electrica SA became a producer of electricity from renewable sources that operates a photovoltaic park in Stanesti, Giurgiu County, with an installed capacity of MW 7.5 (operating capacity limited MW to 6.8).

**Regulations in the energy sector**

**Regulatory environment**

The activity in the energy sector is regulated by the Romanian Energy Regulatory Authority.

Some of the main responsibilities of ANRE are to approve prices and tariffs and to issue substantiation methodologies used to set regulated prices and tariffs.

**Electricity distribution**

The distribution tariffs approved by the National Authority for Energy Regulation ("ANRE") are as follows (RON/MWh, presented cumulatively for medium and low voltage levels):

	<b>Order 28/23.03.2022</b>		
	<b>1 April 2022 – 31 March 2023</b>		
	High voltage	Medium voltage	Low voltage
Transilvania Nord area	23.77	57.49	144.73
Transilvania Sud area	24.63	54.52	158.84
Muntenia Nord area	23.35	56.70	175.26
	<b>Order 27/29.03.2023</b>		
	<b>1 April 2023 -31 December 2023</b>		
	High voltage	Medium voltage	Low voltage
Transilvania Nord area	29.09	71.38	182.24
Transilvania Sud area	28.48	62.32	171.97
Muntenia Nord area	31.23	69.44	229.96
	<b>Order 79/06.07.2023</b>		
	<b>Starting 1 January 2024</b>		
	High voltage	Medium voltage	Low voltage
Transilvania Nord area	31.22	74.86	190.16
Transilvania Sud area	29.55	63.05	185.49
Muntenia Nord area	34.72	74.69	238.63

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2024  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

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In 2022, according to the Government's emergency ordinance (GEO) no. 119/2022, the additional costs for purchased electricity (determined as the difference between the realized costs and the costs included in the approved distribution tariffs), made between 1 January 2022 and 31 August 2023, in order to cover the own technological consumption, compared to the costs included in the tariffs regulated (and not only borrowings), are capitalized quarterly and remunerated with 50% of the regulated rate of return (RRR) approved by ANRE, applicable during the amortization period of the respective costs and are recognized as a distinctive component in the regulated tariffs, called the component related to additional costs with NL. Also, ANRE elaborated the Methodological norms regarding the recognition in the tariffs of the additional costs with the acquisition of electricity for covering the network losses compared to the costs included in the regulated tariffs, the purpose of these norms is to establish the substantiation of additional costs with the purchase of electricity to cover the NL, as well as the conditions for their recognition in the regulated income, based on which the distribution tariffs are established. Law no. 357/2022 regarding the approval of GEO no. 119/2022 provides for the capitalization of additional costs with the purchase of electricity made between 1 January 2022 and 31 March 2025.

According to the Government's Emergency Ordinance ("GEO") no. 153/2022 during the period 1 January 2023 – 31 March 2025 is established the centralized electricity purchasing mechanism, OPCOM being designated the sole purchaser. The distribution operators ("OD") will buy from OPCOM through an annual/monthly mechanism at least 75% of the quantity forecasted and validated by National Authority for Energy Regulation ("ANRE") at the price of 450 RON/MWh, and the producers will sell to OPCOM through annual/monthly mechanism 80% of the quantity forecasted and validated by ANRE and Transelectrica at the price of 450 RON/MWh. The Government's Emergency Ordinance ("GEO") no. 32/2024, modifies and completes GEO no. 27/2022, and for the period April 1, 2024 - December 31, 2024, MACEE is modified, so that producers will voluntarily sell to OPCOM at the price of 400 lei/MWh and OD they will buy electricity from OPCOM at the price of 400 lei/MWh.

*Tariff adjustments*

Annually, ANRE makes revenue corrections due to: change in the quantities of electricity distributed compared to the forecast; change in quantities and acquisition price for the regulated own technological consumption compared to the forecast; the annual change in controllable operating and maintenance costs, realized and accepted against the forecast; annual change in uncontrollable operating and maintenance costs compared to the forecast; changes in revenues from reactive energy compared to the forecast; failure to meet/exceeding the approved investments programme; revenues generated from other operations made by the distribution operator and the quantity of electricity recovered from recalculations.

The regulator establishes through the regulated income and tariffs for the following year taking into account the justified corrections presented above, which are added algebraically to the income for the following year. The group does not recognize assets and liabilities resulting from regulation in relation to these deficits or surpluses, as the differences are recovered or returned through the annual tariff changes, except the capitalised costs with own technological consumption. The difference between the purchase price of electricity for own technological consumption versus the ex-ante purchase price recognized by ANRE in the related regulated tariffs 2022 related to the purchase of electricity and natural gas, made between 1 January 2022 and 31 March 2025, in order to cover the own technological consumption (NL) for economic operators for energy transport and distribution services are capitalised. These are recognized as a distinctive component in the regulated tariffs, named component related to additional network losses costs.

***Electricity and natural gases supply***

Starting with 1 November 2021, in the context of the increase in prices for the electricity and natural gas markets at international and national level, the energy crisis, as well as the effects caused by these increases among the population, in Romania, a series of support measures for electricity and natural gas customers have been applied, by establishing compensation and capping schemes between 1 November 2021 and 31 March 2025.



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Over 2023, several changes have been brought to the legislation, having a significant impact on the supply of electricity, as follows:

- Price capped for electricity for household and non-domestic customers according to GEO no. 27/2022, with subsequent amendments and additions;
- The limitation of the average purchase price considered for determining the amounts to be recovered from the state budget initially to 1,300 RON/MWh; and currently at 900 RON/MWh (according to Law no. 206/2023, which approves GEO 153/2022), except of the purchase intended for supply as a last resort, where this limitation does not apply;
- The mechanism of centralized purchase of electric energy (MACEE) provides - OPCOM, as sole acquirer, buys electricity from producers (electricity producers with an installed power equal to or greater than 10 MW) and sells the purchased electricity to electricity suppliers that have contracts with final customers, the transmission system operator electricity and distribution system operators electricity to cover their own technological consumption; the price paid by OPCOM to electricity producers, for the quantities of electricity sold by them is 450 RON/MWh and the sale price of OPCOM to the economic operators is also 450 RON/MWh (OPCOM has the right to charge market participants tariffs/commissions at the level of costs recorded by organizing the centralized electricity purchase mechanism); In order to carry out the transactions, OPCOM shall organize an annual procurement procedure as well as an additional procurement procedure each month for the quantities of electricity to be delivered in the following month; annual and monthly electricity quantities are firm obligations of electricity producers and economic operators and are evenly distributed across all settlement intervals each month (contracts are concluded by signing, within maximum 3 working days).
- The obligation to store natural gas was calculated by ANRE based on two criteria: the obligation of all suppliers to store a quantity of gas that would cover 90% of Romania's storage capacity and the market share that each supplier had in the gas year 2022 -2023 (Electrica Furnizare S.A. market share was 0.82%). The storage obligation for the 2024-2025 cycle was established by ANRE by decision no. 360/28.02.2024 at a volume of 219 GWh, an obligation that must be fulfilled by 31.10.2024;
- The obligation of natural gas producers to sell at the price of 150 RON/MWh the necessary quantities to the suppliers of domestic customers/heat energy producers.

The categories of customers to whom the electricity price capped applies in 2023 and in the first quarter of 2024:

- household customers (tranche <100 KWh/month - maximum price 0.68 lei/KWh, tranche 100-300 KWh/month - with the distinct estimate of the volume exceeding 255 KWh/month - respectively the price level capped at 0.800 lei/KWh and with a maximum price of 1.3 lei/KWh);
- non-household customers - divided separately into the category of customers benefiting from capping for 85% of consumption with a price capped at 1.0 lei/KWh, category of customers benefiting from capping for 100% of consumption, price capped at 1.0 lei/KWh and the rest of the companies at a maximum price of 1.3 lei/KWh.

The categories of customers to whom the natural gas price capped applies in 2023:

- household customers – the maximum price is capped at 0.31 lei/KWh;
- non-household customers - the maximum price is capped at 0.37 lei/KWh for an annual consumption of up to 50 GWh.

The compensated amounts are settled by the National Agency for Payments and Social Inspection ("ANPIS") for household consumers and by the Ministry of Energy for non-household consumers.

### ***Increase in electricity price impact***

The regulatory framework on the electricity segment has undergone significant changes in the last decade, regarding the total liberalization of the electricity and natural gas market, the implementation of the support scheme for renewable energy, the support of electricity consumers, the limitation of prices to final consumers and the capitalization of

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additional costs with own technological consumption.

During the period 1 January 2023 – 31 March 2025, the centralized electricity purchase mechanism (MACEE) was established. The mechanism stipulates that OPCOM, as the sole purchaser, buys electricity from producers (electricity producers with an installed power equal to or greater than 10 MW) and sells the purchased electricity to electricity suppliers who have contracts with end customers, the operator of the electricity transmission system and the operators of the electricity distribution system to cover their own technological consumption. The price paid by OPCOM to energy producers, for the quantities of electricity sold, is 450 RON/MWh, and the selling price of OPCOM to economic operators is also 450 RON/MWh (OPCOM has the right to charge market participants tariffs/commissions at the level of costs recorded through the organization of the centralized mechanism for purchasing electricity). In order to carry out the transactions, OPCOM will organize a monthly annual purchase procedure, as well as an additional monthly purchase procedure, for the quantities of electricity to be delivered in the following month; the annual and monthly quantities of electricity are firm obligations of electricity producers and economic operators for all disconnection intervals every month (contracts are concluded by signing, within a maximum of 3 working days). Emergency Ordinance no. 32/2024, modifies and completes GEO no. 27/2022, and for the period April 1, 2024 - December 31, 2024, MACEE is modified, so that producers will voluntarily sell to OPCOM at the price of 400 lei/MWh and OD will buy electricity from OPCOM at the price of 400 lei/MWh.

As a result, for **the distribution segment**, Romanian Regulatory Authority for Energy – ANRE (<https://www.anre.ro/>) adopted measures through its Order no. 129/12.10.2022 approving the Methodological Norms regarding the recognition in the tariffs of the additional costs with the acquisition of electricity for own technological consumption compared to the costs included in the regulated tariffs, carried out between 1 January 2022 – 31 March 2025.

ANRE will determine the recognized annual amounts of the capitalized costs based on the quantities and prices recognized for NL, and by 15 March of the year immediately following the year of capitalization of the additional costs, ANRE will transmit to the distribution operators the recognized annual amounts of the capitalized costs for the previous year. The computation of the capitalized amounts is carried out in compliance with the legislation specific to the entities that are the subject of GEO 119/2022, with subsequent additions and changes.

The changes brought by OUG 119/2022 are changes the recuperation of the additional cost of NL by splitting it in current operating expenses ("OPEX") and capitalised costs ("CAPEX"), there is a portion of unit costs recuperated at cost at 450 RON/MWh (ex-ante tariffs recognition) and for the difference above this level of 450 RON/MWh up to the effective average price, recognized by ANRE, there is a linear depreciation over 5 years stipulated with return at 50% of Regulated Rate of Return (RRR). These changes are also applicable to the year 2023 and 2024.

For **the supply segment**, for the year 2023 and in the first quarter of 2024, the effect of retail electricity prices was covered by subsidies received from the state authorities, as a result of the application of the price ceiling mechanism for electricity and natural gas to final customers, as a result of application of GEO 27/2022, with subsequent amendments and additions.

Both in 2023 and the first quarter of 2024, the electricity market is totally liberalized for all categories of customers and the price is set by suppliers through free market mechanisms, both for universal services offers and for the offers related to the competitive market, in compliance with the legal provisions on capping established for the period 1 November 2021 – 31 March 2025.

The Group actively reviews and implements policies and strategies to recover from the loss generated by the increase in energy price, strategies which mainly aim in revising the method of generating the selling price for final consumers, concluding agreements with specific clauses ensuring new financing facilities, closely monitoring suppliers and consumers payment terms, monitoring daily cash flow and forecasted cash flow. The Group continues to closely monitor the macroeconomic outlook and as additional information will be available, their effects on the activity of Group companies and over the financial results will be analyzed.

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***Geopolitical tensions***

In February 2022 global geopolitical tensions significantly escalated following military interventions in Ukraine by the Russian Federation. As a result of these escalations, economic uncertainties in energy and capital markets have increased, with global energy prices expected to be highly volatile for the foreseeable future. As at the date of these interim financial statements, management is unable to reliably estimate the effects on the Groups financial outlook and cannot exclude adverse consequence on the business, operations, and financial position. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances and that judgements used in these financial statements remain appropriate.

**2 Basis of accounting**

These condensed consolidated interim financial statements ("interim financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("IFRS-EU").

These condensed consolidated interim financial statements have been prepared for submission to the Bucharest Stock Exchange. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 15 May 2024.

***Judgements and estimates***

In preparing these interim financial statements, management has made professional judgements, estimates and assumptions that affect the application of Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant professional judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2023.

**3 Basis of measurement**

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for land and buildings which are measured based on the revaluation model.

**4 Significant accounting policies**

The accounting policies applied in these interim financial statements are the same as those applied in the Group's annual consolidated financial statements as at and for the year ended 31 December 2023.

The new amendments to existing standards that are effective starting with 1 January 2024 do not have a significant impact over the Group's condensed consolidated interim financial statements.

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**5 Operating segments**

**(a) Basis for segmentation**

The following summary describes the operations of each reportable segment:

<b>Reportable segments</b>	<b>Operations</b>
Electricity and natural gas supply	Supplying electricity and natural gas to final consumers (includes Electrica Furnizare S.A.).
Electricity distribution	Operation, maintenance and construction of electricity networks operated by the Group (includes Distribuție Energie Electrica Romania S.A. and the activity performed by Electrica Serv S.A within the distribution network).
Electricity generation	Production of electricity from renewable sources (Sunwind Energy S.R.L., New Trend Energy S.R.L., Foton Power Energy S.R.L and the activity carried out by Electrica S.A. in the electricity production segment).
External electricity network maintenance	Repairs, maintenance and other services for electricity networks owned by other distributors (Electrica Serv S.A., without the activity performed in the electricity distribution segment).

The Board of Directors of the Company reviews management reports of each segment. Segment earnings before interest, tax, depreciation and amortisation ("Adjusted EBITDA") is used to measure performance because management believes that such information is one of the most relevant in evaluating the results of the segments.

There are varying levels of integration between the Electricity supply, Electricity distribution and External electricity network maintenance segment. This integration includes electricity distribution and shared electricity network maintenance services. Inter-segment pricing policy is determined on an arm's length basis.

All assets are allocated to reportable segments, except for investments in associates and deferred tax assets.

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**(b) Information about reportable segments**

<b>Three-month period ended 31 March 2024 (unaudited and not reviewed)</b>	<b>Electricity and natural gas supply</b>	<b>Electricity distribution</b>	<b>Electricity generation</b>	<b>External electricity network maintenance</b>	<b>Total for reportable segments</b>	<b>Headquarter</b>	<b>Consolidation eliminations and adjustments</b>	<b>Consolidated total</b>
External revenues	1,613,810	604,071	403	15,673	<b>2,233,957</b>	28	-	<b>2,233,985</b>
Inter-segment revenue	1,059	526,521	-	2,662	<b>530,242</b>	-	(530,242)	-
<b>Segment revenue</b>	<b>1,614,869</b>	<b>1,130,592</b>	<b>403</b>	<b>18,335</b>	<b>2,764,199</b>	<b>28</b>	<b>(530,242)</b>	<b>2,233,985</b>
Other income	305,140	29,733	-	5,509	<b>340,382</b>	290	(4,919)	<b>335,753</b>
<b>Segment profit/(loss) before tax</b>	<b>10,691</b>	<b>158,465</b>	<b>(1,039)</b>	<b>419</b>	<b>168,536</b>	<b>1,559</b>	<b>(319)</b>	<b>169,776</b>
Net finance (cost)/ income	(45,865)	(52,668)	(187)	4,033	<b>(94,687)</b>	15,156	-	<b>(79,531)</b>
Amortization and depreciation	(5,050)	(142,562)	(657)	(2,625)	<b>(150,894)</b>	(551)	-	<b>(151,445)</b>
Adjusted EBITDA*	61,606	353,695	(195)	(989)	<b>414,117</b>	(13,046)	(319)	<b>400,752</b>
(Impairment)/Reversal of impairment of trade and other receivables, net	(17,922)	(3,657)	-	(16)	<b>(21,595)</b>	-	-	<b>(21,595)</b>
<b>Segment profit/(loss) after tax</b>	<b>5,717</b>	<b>115,831</b>	<b>(1,039)</b>	<b>1,242</b>	<b>121,751</b>	<b>6,275</b>	<b>(319)</b>	<b>127,707</b>
Employee benefits	(26,375)	(191,596)	(10)	(8,250)	<b>(226,231)</b>	(8,537)	-	<b>(234,768)</b>
Capital expenditure	6,267	235,776	715	27	<b>242,785</b>	259	-	<b>243,044</b>

<b>Three-month period ended 31 March 2023 (unaudited and not reviewed)</b>	<b>Electricity and natural gas supply</b>	<b>Electricity distribution</b>	<b>Electricity generation</b>	<b>External electricity network maintenance</b>	<b>Total for reportable segments</b>	<b>Headquarter</b>	<b>Consolidation eliminations and adjustments</b>	<b>Consolidated total</b>
External revenues	2,017,481	471,902	1,627	3,974	<b>2,494,984</b>	-	-	<b>2,494,984</b>
Inter-segment revenue	21,270	385,091	701	14,813	<b>421,875</b>	-	(421,875)	-
<b>Segment revenue</b>	<b>2,038,751</b>	<b>856,993</b>	<b>2,328</b>	<b>18,787</b>	<b>2,916,859</b>	-	<b>(421,875)</b>	<b>2,494,984</b>
Other income	987,201	34,240	-	16,681	<b>1,038,122</b>	300	(21,904)	<b>1,016,518</b>
<b>Segment profit/(loss) before tax</b>	<b>32,050</b>	<b>(76,419)</b>	<b>(178)</b>	<b>(156)</b>	<b>(44,703)</b>	<b>3,447</b>	<b>(1,696)</b>	<b>(42,952)</b>
Net finance (cost)/ income	(34,586)	(46,817)	(1,054)	3,252	<b>(79,205)</b>	14,766	-	<b>(64,439)</b>
Amortization and depreciation	(3,689)	(120,115)	(648)	(2,419)	<b>(126,871)</b>	(347)	-	<b>(127,218)</b>
Adjusted EBITDA*	70,325	90,513	1,524	(989)	<b>161,373</b>	(10,972)	(1,696)	<b>148,705</b>
(Impairment)/Reversal of impairment of trade and other receivables, net	(6,489)	(2,119)	-	5	<b>(8,603)</b>	1	-	<b>(8,602)</b>
<b>Segment profit/(loss) after tax</b>	<b>24,045</b>	<b>(69,452)</b>	<b>539</b>	<b>75</b>	<b>(44,793)</b>	<b>3,447</b>	<b>(1,696)</b>	<b>(43,042)</b>
Employee benefits	(25,159)	(167,716)	(65)	(7,009)	<b>(199,949)</b>	(6,894)	-	<b>(206,843)</b>
Capital expenditure	755	176,431	-	9	<b>177,195</b>	69	-	<b>177,264</b>

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<b>At 31 March 2024 (unaudited and not reviewed)</b>	<b>Electricity and natural gas supply</b>	<b>Electricity distribution</b>	<b>Electricity generation</b>	<b>External electricity network maintenance</b>	<b>Total for reportable segments</b>	<b>Headquarter</b>	<b>Consolidation eliminations and adjustments</b>	<b>Consolidated total</b>
<b>Segment assets</b>	<b>6,088,693</b>	<b>9,998,026</b>	<b>92,979</b>	<b>472,180</b>	<b>16,651,878</b>	<b>125,124</b>	<b>(3,791,100)</b>	<b>12,985,902</b>
Trade and other receivables	3,475,609	2,010,731	1,683	103,065	<b>5,591,088</b>	1,053	(2,449,239)	<b>3,142,902</b>
Cash and cash equivalents	48,524	190,514	1,372	4,971	<b>245,381</b>	5,362	-	<b>250,743</b>
Trade and other payables and short-term employee benefits	3,161,624	1,289,693	1,509	35,225	<b>4,488,051</b>	64,512	(2,440,456)	<b>2,112,107</b>
Bank overdrafts	1,899,310	100,278	-	-	<b>1,999,588</b>	358,353	-	<b>2,357,941</b>
Lease liability	8,010	19,468	27,746	1,011	<b>56,235</b>	1,980	-	<b>58,215</b>
Bank borrowings	200,000	2,172,447	-	-	<b>2,372,447</b>	216,736	-	<b>2,589,183</b>

<b>At 31 December 2023 (audited)</b>	<b>Electricity and natural gas supply</b>	<b>Electricity distribution</b>	<b>Electricity generation</b>	<b>External electricity network maintenance</b>	<b>Total for reportable segments</b>	<b>Headquarter</b>	<b>Consolidation eliminations and adjustments</b>	<b>Consolidated total</b>
<b>Segment assets</b>	<b>5,703,052</b>	<b>9,619,007</b>	<b>187,691</b>	<b>481,669</b>	<b>15,991,419</b>	<b>125,943</b>	<b>(3,345,465)</b>	<b>12,771,897</b>
Trade and other receivables	2,662,875	1,784,184	8,999	109,668	<b>4,565,726</b>	3,055	(1,934,507)	<b>2,634,274</b>
Cash and cash equivalents	184,140	166,103	19,299	3,898	<b>373,440</b>	3,775	-	<b>377,215</b>
Trade and other payables and short-term employee benefits	3,129,486	1,520,819	12,388	52,979	<b>4,715,672</b>	61,885	(1,913,286)	<b>2,864,271</b>
Bank overdrafts	1,869,706	774,529	-	-	<b>2,644,235</b>	206,986	-	<b>2,851,221</b>
Lease liability	6,813	21,180	12,068	994	<b>41,055</b>	2,140	-	<b>43,195</b>
Bank borrowings	200,000	900,874	-	-	<b>1,100,874</b>	216,768	-	<b>1,317,642</b>

*Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation or namely EBITDA) for operating segments is defined and calculated as segment profit/(loss) before tax of a given operating segment adjusted for i) depreciation, amortization and impairment/reversal of impairment of property, plant and equipment and intangible assets in the operating segment, ii) impairment of assets held for sale and iii) net finance income in the operating segment. EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.*

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**6 Revenue**

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
Electricity distribution and supply, net	1,916,133	2,216,409
Supply of natural gas	64,545	83,053
Construction revenue related to concession agreements	235,776	176,431
Repairs, maintenance and other services rendered	17,461	10,419
Proceeds from sale of green certificates	-	638
Services related to re-connection fees	-	1,189
Sales of merchandise	70	6,845
<b>Total</b>	<b>2,233,985</b>	<b>2,494,984</b>

In respect of timing of revenue recognition, most of the Group's services provided are transferred to the customer over time, only a small part amounting to RON 376 thousand (three month period ended 31 March 2023: RON 671 thousand) being transferred at a point in time (e.g. metering services provided by the distribution companies, providing periodic data analysis to customers for certain taxes collected on their behalf).

**7 Other income**

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
Subsidies	302,232	987,255
Rental income	23,149	22,889
Late payment penalties from customers	3,298	2,978
Other	7,074	3,396
<b>Total</b>	<b>335,753</b>	<b>1,016,518</b>

During the three-month period ended 31 March 2024, Electrica Furnizare S.A. recognized subsidies of RON 302,232 thousand (three-month period ended 31 March 2023: RON 987,225 thousand).

**8 Electricity, natural gas and merchandise purchased**

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
Electricity purchased	1,178,156	2,579,340
Green certificates purchased	143,689	140,047
Cost of merchandise	-	5,076
Natural gas purchased	221,255	118,014
<b>Total</b>	<b>1,543,100</b>	<b>2,842,477</b>

The supply subsidiary has a legal obligation to purchase green certificates from producers of electricity from renewable sources, based on annual targets or quotas set by law, which are applied to the quantity of electricity supplied to final customers. The cost of green certificates is then invoiced to final customers separately from electricity tariffs and included in the caption "Electricity distribution and supply" as presented in Note 6.

**9 Earnings per share**

The calculation of basic and diluted earnings per share has been based on the following profit attributable to Company's

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shareholders and weighted-average number of ordinary shares outstanding:

*Profit/(Loss) for the period attributable to the Company's shareholders*

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
Profit/(Loss) for the period attributable to the owners of the Company	127,765	(43,001)
<b>Profit/(Loss) for the period attributable to Company's shareholders</b>	<b>127,765</b>	<b>(43,001)</b>

*Weighted-average number of outstanding ordinary shares (in number of shares)*

For the calculation of the basic and diluted earnings per share, treasury shares (6,890,593 shares) were not treated as outstanding ordinary shares and were deducted from the number of issued ordinary shares.

The weighted average number of outstanding ordinary shares (unaudited and not reviewed) as at 31 March 2024 is 339,553,004 (31 March 2023: 339,553,004).

**Earnings per share**

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
Basic and diluted earnings/(loss) per share (RON)	<b>0.38</b>	<b>(0.13)</b>

**10 Income tax**

*Amounts recognised in profit or loss*

	<b>Three-month period ended</b>	
	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 March 2023 (unaudited and not reviewed)</b>
Current tax expense	53,674	5,733
Deferred tax expense	(11,605)	(5,643)
<b>Total income tax expense</b>	<b>42,069</b>	<b>90</b>

**11 Trade receivables**

	<b>31 March 2024 (unaudited and not reviewed)</b>	<b>31 December 2023 (audited)</b>
Trade receivables, gross	3,751,673	3,180,660
Bad debt allowance	(661,591)	(640,218)
<b>Total trade receivables, net</b>	<b>3,090,082</b>	<b>2,540,442</b>

Receivables from related parties are disclosed in Note 18.

According to GEO no. 119/2022, with subsequent amendments, regarding the capping and compensation mechanism, part of the receivables of the subsidiary Electrica Furnizare S.A. from the sale of electricity and gas to final consumers will be recovered from the Romanian State through the National Agency for Payments and Social Inspection (household consumers) and the Ministry of Energy (non-household consumers).



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Electricity distribution and supply

On 31 March 2024, the amounts estimated to be received from the Ministry of Energy for non-household consumers are 10,130 thousand RON (31 December 2023: 10,130 thousand RON) and from the National Agency for Payments and Social Inspection for household consumers are 25,254 thousand RON (31 December 2023: 36,496 thousand RON). The receivables are booked under the caption "Electricity distribution and supply".

Grants to be received

As at 31 March 2024, the estimated amount for subsidies to be received from the Ministry of Energy is 2,310,328 RON thousand (31 December 2023: RON 2,595,554 thousand) and from County Agency for Payments and Social Inspection is nill (31 December 2023: RON 18,981 thousand). From the total amount of subsidies to be received, RON 1,278,786 thousand represent uncollected claims submitted to the state authorities and RON 1,031,542 thousand claims not yet submitted to the state authorities as at 31 March 2024.

The amounts should be recovered within 40 days of submission of the required documentation to the National Agency for Payments and Social Inspection or the Ministry of Energy, as appropriate. Claims are recorded under the line "Electricity distribution and supply".

The reconciliation between the opening balances and the closing balances of the lifetime expected credit losses is as follows:

	Three-month period ended	
	31 March 2024 (unaudited and not reviewed)	31 March 2023 (unaudited and not reviewed)
<b>Lifetime expected credit losses</b>		
<b>Balance as at 1 January (audited)</b>	<b>640,218</b>	<b>652,689</b>
Loss allowance recognized	39,253	30,294
Loss allowance reversed	(17,421)	(21,692)
Amounts written off	(459)	(162)
<b>Balance as at 31 March (unaudited and not reviewed)</b>	<b>661,591</b>	<b>661,129</b>

The Group has identified 5 clusters of customers based on shared risk characteristics: 3 separate clusters for the distribution subsidiaries and 2 clusters (households and non-households) for the supply subsidiary.

A significant part of the bad debt allowances refers to clients in litigation, insolvency or bankruptcy procedures, many of them being older than five years. The Group will derecognize these receivables together with the related allowances after the finalization of the bankruptcy process.

The Group has considered all the information available without undue costs (including forward looking information) that may affect the credit risk of its receivables since original recognition, thus recording a bad debt allowance in amount of RON 39,253 thousand.

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**12 Cash and cash equivalents**

	<b>31 March 2024</b> <b>(unaudited and not reviewed)</b>	<b>31 December 2023</b> <b>(audited)</b>
Bank current accounts	187,019	223,213
Call deposits	63,416	153,997
Cash in hand	308	5
<b>Total cash and cash equivalents in the condensed consolidated statement of financial position</b>	<b>250,743</b>	<b>377,215</b>

The following information is relevant in the context of the consolidated statement of cash flows: non-cash activity includes set-off between trade receivables and trade payables of RON 110,476 thousand in 2024 (31 December 2023: RON 160,104 thousand).

**13 Other payables**

	<b>31 March 2024</b> <b>(unaudited and not reviewed)</b>		<b>31 December 2023</b> <b>(audited)</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
VAT payable	423,372	-	588,814	-
Liabilities towards the State	11,786	-	33,372	-
Other liabilities	421,078	35,834	412,898	37,161
<b>Total</b>	<b>856,236</b>	<b>35,834</b>	<b>1,035,084</b>	<b>37,161</b>

Other liabilities include mainly guarantees, connection fees, habitat tax and cogeneration contribution. Other non-current liabilities refer to guarantees from customers related to electricity supply.

**14 Long-term bank borrowings**

Drawings and repayments of borrowings during the three-month period ended 31 March 2024 were as follows:

	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity year</b>	<b>Amount (RON thousand)</b>
<b>Balance at 1 January 2024 (audited)</b>				<b>1,317,642</b>
<b>Drawings of borrowings during the period</b> , out of which:				
Eximbank Romania	RON	ROBOR 3M+1.65%	2027	242,186
BEI (tranche 1)	EUR	EURIBOR 6M+spread+0.33%	2036	596,340
BEI (tranche 2)	EUR	EURIBOR 6M+spread+0.33%	2036	447,255
EBRD	RON	9.35%	2028	60,000
<b>Total drawings</b>				<b>1,345,781</b>
Accumulated interest				13,258
Payment of interest				(11,125)
<b>Reimbursements</b> , out of which:				<b>76,373</b>
BRD	RON	3.99%	2026	5,200
BRD	RON	3.85%	2028	3,571
UniCredit Bank	RON	4.59%	2027	4,464
BCR	RON	3.85%	2026	2,400
EBRD	RON	ROBOR 3M+1%	2028	4,737
BRD	RON	Floating rate (1.15% + interbank rate + ROBOR spread)	2031	11,479
Exim Bank	RON	3.85%	2028	2,857
BRD	RON	ROBOR 3M+1.65%	2024	41,665
<b>Balance at 31 March 2024 (unaudited and not reviewed)</b>				<b>2,589,183</b>

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As at 31 March 2024 and 31 December 2023, the long term bank borrowings are as follows:

<b>Lender</b>	<b>Borrower</b>	<b>Balance at 31 March 2024 (unaudited and not reviewed)</b>	<b>Balance at 31 December 2023 (audited)</b>
Banca Transilvania	Distributie Energie Electrica Romania (fosta SDEE Transilvania Sud S.A.)	58,043	62,508
UniCredit Bank	Distributie Energie Electrica Romania (fosta SDEE Transilvania Nord S.A.)	26,666	29,103
BRD	Distributie Energie Electrica Romania (fosta SDEE Muntenia Nord S.A.)	57,200	62,400
BRD	Distributie Energie Electrica Romania (fosta SDEE Transilvania Nord S.A.)	60,714	64,286
BRD	Distributie Energie Electrica Romania (fosta SDEE Transilvania Sud S.A.)	48,607	51,467
BCR	Distributie Energie Electrica Romania (fosta SDEE Muntenia Nord S.A.)	85,821	90,542
EBRD	Distributie Energie Electrica Romania	174,535	189,971
EBRD	Distributie Energie Electrica Romania	243,836	182,773
CEC Bank	Electrica Furnizare S.A.	200,000	200,000
Eximbank Romania	Distributie Energie Electrica Romania	243,795	-
BEI (tranche 1)	Distributie Energie Electrica Romania	598,381	-
BEI (tranche 2)	Distributie Energie Electrica Romania	448,785	-
Exim Bank Romania	Distributie Energie Electrica Romania	126,064	167,825
Vista Bank	Societatea Energetica Electrica S.A.	125,000	125,000
ERSTE Group Bank si Raiffeisen Bank	Societatea Energetica Electrica S.A.	91,736	91,768
<b>Total, out of which:</b>		<b>2,589,183</b>	<b>1,317,642</b>
Current portion of the long-term bank borrowings		(512,766)	(512,169)
Accumulated interest		(13,258)	(11,125)
Long term borrowings		<b>2,063,159</b>	<b>794,348</b>

**Bank Borrowings description**

*a) Investment loan granted by Banca Transilvania*

On 18 July 2019, Societatea de Distributie a Energiei Electrice Transilvania Sud S.A., currently Distributie Energie Electrica Romania S.A., as a borrower, concluded with Banca Transilvania an investment credit agreement with the purpose of financing investments in the electricity distribution network, according to the investment plan. Main provisions are: Maximum loan amount: RON 125,000 thousand; Interest rate: fixed, 4.59% per annum; Reimbursements: quarterly instalments until 17.07.2027; Grace period: 12 months. As at 31 March 2024, the outstanding balance is of RON 58,043 thousand, of which RON 58,036 thousand principal and RON 7 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 62,508 thousand).

*b) Investment loan granted by Unicredit Bank*

On 13 November 2019, Societatea de Distributie a Energiei Electrice Transilvania Nord S.A., currently Distributie Energie Electrica Romania S.A., as borrower, concluded with Unicredit Bank an investment credit agreement with the purpose of financing investments in the electricity distribution network, according to the investment plan. Main provisions are: Maximum loan amount: RON 60,000 thousand; Interest rate: fixed, 3.85% per annum; Reimbursements: quarterly instalments until 13.11.2026; Grace period: 12 months. As at 31 March 2024, the outstanding balance is of RON 26,666 thousand, of which RON 26,400 thousand principal and RON 266 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 29,103 thousand).

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*c) Investment loan granted by BRD – Groupe Societe Generale*

On 29 October 2019, Societatea de Distributie a Energiei Electrice Muntenia Nord S.A., currently Distributie Energie Electrica Romania S.A., as borrower, concluded with BRD – Groupe Societe Generale an investment credit agreement with the purpose of financing investments in the electricity distribution network, according to the investment plan. Main provisions are: Maximum loan amount: RON 130,000 thousand; Interest rate: fixed, 3.99% per annum; Reimbursements: quarterly instalments until 28.10.2026; Grace period: 12 months. As at 31 March 2024, the outstanding balance is of RON 57,200 thousand. (Outstanding balance as at 31 December 2023: RON 62,400 thousand).

*d) Investment loan granted by BRD – Groupe Societe Generale*

On 25 June 2020, Societatea de Distributie a Energiei Electrice Transilvania Nord S.A., currently Distributie Energie Electrica Romania S.A., as a borrower, concluded with BRD – Groupe Societe Generale an investment credit agreement with the purpose of financing investments in the electricity distribution network, according to the approved investment plan for 2020. Main provisions are: Maximum loan amount: RON 100,000 thousand; Interest rate: fixed, 3.85% per annum; Reimbursements: quarterly instalments until 2028; Grace period: 12 months. As at 31 March 2024, the outstanding balance is of RON 60,714 thousand. (Outstanding balance as at 31 December 2023: RON 64,286 thousand).

*e) Investment loan granted by BRD – Groupe Societe Generale*

On 25 June 2020, Societatea de Distributie a Energiei Electrice Transilvania Sud S.A., currently Distributie Energie Electrica Romania S.A. as a borrower, concluded with BRD – Groupe Societe Generale an investment credit agreement with the purpose of financing investments in the electricity distribution network, according to the approved investment plan for 2020. Main provisions are: Maximum loan amount: RON 80,000 thousand; Interest rate: fixed, 3.85% per annum; Reimbursements: quarterly instalments until 2028; Grace period: 12 months. As at 31 March 2024, the outstanding balance is RON 48,607 thousand, of which RON 48,571 thousand principal and RON 36 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 51,467 thousand).

*f) Investment loan granted by Banca Comerciala Romana ("BCR")*

On 17 September 2020, Societatea de Distributie a Energiei Electrice Muntenia Nord S.A., currently Distributie Energie Electrica Romania S.A., as a borrower and Electrica SA as a guarantor, concluded with Banca Comerciala Romana S.A. an investment credit agreement with the purpose of financing investments in the electricity distribution network, according to the approved investment plan for 2020. Main provisions are: Maximum loan amount: RON 155,000 thousand; Interest rate: ROBOR 3M+1% per annum; Reimbursements: quarterly instalments until 2028; Grace period: 12 months. As at 31 March 2024, the outstanding balance is RON 85,821 thousand, of which RON 85,274 thousand principal and RON 547 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 90,542 thousand).

*g) Investment loan granted by the European Bank for Reconstruction and Development ("BERD")*

On 2 July 2021, Societatea de Distributie Energie Electrica Romania SA, as a borrower, concluded with the European Bank for Reconstruction and Development a credit agreement for investments in order to finance investments in the electricity distribution network according to the 2021-2023 investment plan. The main provisions are: The maximum value of the loan RON 195,136 thousand; Interest rate: agreed individually for each tranche drawn; Repayments: 17 half-yearly instalments until 31.07.2031; Grace period: 24 months. As at 31 March 2024, the outstanding balance is RON 174,535 thousand, of which RON 172,179 thousand principal and RON 2,356 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 189,971 thousand). The loan agreement is guaranteed by Electrica SA.

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*h) Investment loan granted by the European Investment Bank ("BEI")*

On 14 July 2021, Societatea de Distribuție Energie Electrica Romania SA, as a borrower, concluded with the European Investment Bank an investment credit contract, representing the first part of the Approved Credit in the amount of EUR 210,000 thousand for the purpose of financing investments in the electricity distribution network according to the 2021-2023 investment plan. The main provisions are: Maximum value of the loan: EUR 120,000 thousand; Interest rate and Repayments will be agreed individually for each tranche drawn. As at 31 March 2024, the outstanding balance is RON 598,381 thousand, of which RON 596,340 thousand principal and RON 2,041 thousand accrued interest. (Outstanding balance as at 31 December 2023 is nil). The loan agreement is guaranteed by Electrica SA.

*i) Investment loan granted by the European Investment Bank ("BEI")*

On 7 December 2021, Societatea de Distribuție Energie Electrica Romania SA, as a borrower, concluded with the European Investment Bank an investment credit contract, representing the second part of the Approved Credit in the amount of EUR 210,000 thousand for the purpose of financing investments in the electricity distribution network according to the 2021-2023 investment plan. The main provisions are: Maximum value of the loan: EUR 90,000 thousand; Interest rate and Repayments will be agreed individually for each tranche drawn. As at 31 March 2024, the outstanding balance is RON 448,785 thousand, of which RON 447,255 thousand principal and RON 1,530 thousand accrued interest. (Outstanding balance as at 31 December 2023 is nil). The loan agreement is guaranteed by Electrica SA.

*j) Loan for financing current activity granted by Eximbank Romania*

On 22 December 2022, Distribuție Energie Electrica Romania S.A., as a borrower, concluded with Eximbank Romania a credit agreement for a period of 24 months. The main provisions are: Maximum loan amount: 250,000 thousand RON; Interest rate: ROBOR 3M + 1.65 % p.a.; Repayments: 6 equal quarterly instalments; Grace period: 6 months. On 31 March 2024, the outstanding balance is RON 126,064 thousand, of which RON 125,000 thousand principal and RON 1,064 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 167,825 thousand).

*k) Line of Credit for working capital and for issuing Bank Guarantee Letters granted by Vista Bank*

On 30 December 2022, Societatea Energetica Electrica S.A., as the borrower, concluded a contract for a line of credit for working capital and for the issuance of Bank Guarantee Letters granted by Vista Bank for a period of 18 months. The main provisions are: Maximum credit amount: RON 125,000 thousand; Interest rate: ROBOR 3M +2.95 % p.a.; full refund at maturity. On 31 March 2024, the balance of the loan is RON 125,000 thousand. (Outstanding balance as at 31 December 2023: RON 125,000 thousand).

*l) Investment loan granted by the European Bank for Reconstruction and Development ("EBRD")*

On 17 March 2023, Societatea de Distribuție Energie Electrica Romania SA, as a borrower, concluded with the European Bank for Reconstruction and Development a credit agreement for working capital. The main provisions are: The maximum value of the loan RON 180,000 thousand; Interest rate: ROBOR 3M + spread % + margin 2.10%; Repayments: 14 quarterly instalments until 31.01.2028; Grace period: 18 months. As at 19 December 2023, the value of the loan increased by 60 thousand RON to 240,000 thousand RON. As at 31 March 2024, the outstanding balance is RON 243,836 thousand, of which RON 240,000 thousand principal and RON 3,838 thousand accrued interest. (Outstanding balance as at 31 December 2023: RON 182,773 thousand). The loan agreement is guaranteed by Electrica SA.

*m) Multicredit facility for multiple financing by accessing cash and non-cash products granted by CEC BANK SA ("CEC")*

On 4 August 2023, Electrica Furnizare S.A., as the borrower, concluded a Facility Agreement Multicredit. The main provisions are: The maximum value of the loan RON 150,000 thousand; Interest rate: ROBOR 3M+2.85%; full repayment at maturity; Maturity date: 03 August 2026. On 18 December 2023, the amount of the loan was increased by RON 50 thousand, up to the value of RON 200,000 thousand. As at 31 March 2024, the outstanding balance is RON

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200,000 thousand (Outstanding balance as at 31 December 2023: RON 200,000 thousand). The loan agreement is guaranteed by Electrica SA.

*n) Syndicated credit facility granted by Erste Group Bank AG and Raiffeisen Bank SA*

On 2 November 2021, Electrica S.A., as borrower, entered into a syndicated credit facility with Erste Group Bank AG and Raiffeisen Bank SA. The main provisions are: Maximum loan amount RON 750,000 thousand; Interest rate: ROBOR 3M+1.16%. On 3 November 2023 the loan was extended for a period of one year and the maximum loan amount was reduced to RON 450,000 thousand. As at 31 March 2024 the balance of the loan is RON 91,736 thousand, of which principal RON 91,148 thousand and accrued interest RON 588 thousand (31 December 2023: RON 91,767 thousand).

*o) Loan for financing the current activity granted by Eximbank Romania*

On 22 December 2023, Societatea de Distributie Energie Electrica Romania SA, as a borrower, concluded with EXIM BANCA ROMANEASCA S.A., SE Electrica S.A. as a guarantor, through which a loan was granted in the amount of RON 250,000 thousand, for the financing of the current activity. Maturity date: 21.12.2027, full refund at maturity; Interest rate: ROBOR 3M +1.65% p.a. As at 31 March 2024, the balance is RON 243,795 thousand, of which principal IS RON 242,186 thousand and accrued interest RON 1,608 thousand (31 December 2023: nill). The loan agreement is guaranteed by Electrica SA.

**Financial Covenants**

The financial covenants specified in the agreements with BRD – Groupe Societe Generale, Unicredit Bank, Banca Comerciala Romana, European Bank for Reconstruction and Development and European Investment Bank have been fulfilled as at 31 March 2024 and 31 December 2023.

**15 Overdrafts**

Until the authorization for issue of these Consolidated Financial Statements by the Board of Directors, the Group has overdrafts from various banks (ING Bank N.V., Raiffeisen Bank, Banca Comerciala Romana, Banca Transilvania, BNP Paribas, Intesa Sanpaolo Bank, BRD – Groupe Societe Generale S.A., Alpha Bank and UniCredit) with a total overdraft limit of up to RON 3,408,615 thousand (total overdraft limit as at 31 December 2023: RON 2,963,947 thousand).

The overdraft facilities are used for financing activities. The outstanding balance of the overdraft facilities as at 31 March 2024 is of RON 2,357,941 thousand (31 December 2023: RON 2,851,221 thousand).

As at 31 March 2024 and 31 December 2023, the overdrafts are as follows:

<b>Lender</b>	<b>Borrower</b>	<b>Balance at 31 March 2024 (unaudited and not reviewed)</b>	<b>Balance at 31 December 2023 (audited)</b>
ING Bank N.V	Societatea Energetica Electrica S.A.	209,957	206,987
BRD	Societatea Energetica Electrica S.A.	148,395	-
Alpha Bank	Electrica Furnizare S.A.	300,000	213,702
BCR	Electrica Furnizare S.A.	380,398	378,887
BRD	Electrica Furnizare S.A.	219,599	218,817
Banca Transilvania	Electrica Furnizare S.A.	186,622	187,194
ING Bank N.V	Electrica Furnizare S.A.	170,284	170,602
Raiffeisen Bank	Electrica Furnizare S.A.	232,108	369,274
UniCredit Bank	Electrica Furnizare S.A.	334,684	302,399
BNP Paribas	Electrica Furnizare S.A.	28,798	28,830
Vista Leasing IFN	Electrica Furnizare S.A.	29,817	-
Vista Bank	Electrica Furnizare S.A.	17,000	-
BCR	Distributie Energie Electrica Romania S.A	109	210,593
Banca Transilvania	Distributie Energie Electrica Romania S.A	-	159,544

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<b>Lender</b>	<b>Borrower</b>	<b>Balance at 31 March 2024 (unaudited and not reviewed)</b>	<b>Balance at 31 December 2023 (audited)</b>
ING Bank N.V	Distributie Energie Electrica Romania S.A	-	49,682
Intesa San Paolo	Distributie Energie Electrica Romania S.A	100,170	135,815
Raiffeisen Bank	Distributie Energie Electrica Romania S.A	-	218,895
<b>Total</b>		<b>2,357,941</b>	<b>2,851,221</b>

**16 Provisions**

	<b>Fiscal</b>	<b>Others</b>	<b>Total provisions</b>
<b>Balance at 1 January 2024 (audited)</b>	<b>1,084</b>	<b>40,083</b>	<b>41,167</b>
Provisions recognised	-	715	715
Provisions used	-	-	-
Provisions reversed	-	(1,599)	(1,599)
<b>Balance at 31 March 2024 (unaudited and not reviewed)</b>	<b>1,084</b>	<b>39,199</b>	<b>40,283</b>

As at 31 March 2024 provisions mainly refer to benefits upon the termination of executive directors' mandate contracts in the form of a non-compete clause of RON 1,257 thousand (31 December 2023: 710 RON thousand) and for various claims and litigations involving the Group companies with a total amount of RON 39,026 thousand (31 December 2023: 40,457 RON thousand).

**17 Financial instruments – fair values**

**(a) Accounting classifications and fair values**

According to IFRS 9, financial assets are measured at amortised cost because they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The Group assessed that the carrying amount is a reasonable approximation of the fair value for the financial assets and financial liabilities.

**(b) Measurement of fair values**

*Fair value hierarchy*

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (eg. prices) or indirectly (eg. derived from prices);
- Level 3: inputs from an asset or a liability that are not based on observable market data (unobservable inputs).

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**18 Related parties**

**(a) Main shareholders**

As at 31 March 2024 and 31 December 2023, the major shareholder of Societatea Energetica Electrica S.A. is the Romanian State, represented by the Ministry of Energy with a share of ownership of 48.79% from the share capital.

**(b) Management and directors' compensation**

	Three-month period ended	
	31 March 2024 (unaudited and not reviewed)	31 March 2023 (unaudited and not reviewed)
<b>Executive management compensation</b>	<b>7,501</b>	<b>8,851</b>

Executive management compensation refers to both the managers with mandate contract and those with labour contract, from both the subsidiaries and Electrica SA. This also includes the benefits in the event of the termination of mandate contracts for executive directors.

Compensations granted to the members of the Board of Directors were as follows:

	Three-month period ended	
	31 March 2024 (unaudited and not reviewed)	31 March 2023 (unaudited and not reviewed)
<b>Members of the Board of Directors</b>	<b>1,988</b>	<b>1,105</b>

**(c) Transactions with companies in which the State has control or significant influence**

The Group has transactions with companies in which the State has control or significant influence in the ordinary course of business, related mainly to the acquisition of electricity and gas, transport and system services and sale of electricity. Significant purchases and balances are mainly with electricity and gas producers/suppliers, as follows:

Supplier	Purchases (excluding VAT)		Balance (including VAT)	
	Three-month period ended 31 March 2024 (unaudited and not reviewed)	Three-month period ended 31 March 2023 (unaudited and not reviewed)	31 March 2024 (unaudited and not reviewed)	31 December 2023 (audited)
OPCOM	674,959	933,003	82,862	212,746
Transelectrica	304,350	140,542	145,289	170,242
Nuclearelectrica	1,780	240,436	-	107,671
Complexul Energetic Oltenia	2,299	272,314	-	132,693
Hidroelectrica	13,509	44,402	13,478	37
ANRE	10,690	16,590	8,088	12
Transgaz	4,209	2,645	2,195	1,850
SNGN Romgaz SA	14,030	10,482	8,553	9,081
Others	1,176	2,119	861	1,513
<b>Total</b>	<b>1,027,002</b>	<b>1,662,533</b>	<b>261,326</b>	<b>635,845</b>

The Group also makes sales to other entities in which the State has control or significant influence representing electricity supply, of which the most significant transactions are the following:



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Client	Sales (excluding VAT)	Balance, gross (including VAT)	Allowance	Balance, net
	Three-month period ended 31 March 2024 (unaudited and not reviewed)	31 March 2024 (unaudited and not reviewed)		
OPCOM	2,211	527	-	527
Transelectrica	47,171	20,504	-	20,504
Hidroelectrica	72,716	27,407	-	27,407
CN Romarm	2,352	2,797	-	2,797
SNGN Romgaz	5,472	-	-	-
Transgaz	598	19	-	19
CFR Electricitare	4,409	3,000	-	3,000
C.N.C.F. CFR S.A.	7,114	11,185	4	11,181
CN Remin SA	114	71,223	71,148	75
Oltchim	-	115,426	115,426	-
C.N.C.A.F. MINVEST SA	-	26,802	26,802	-
CET Braila	-	3,378	3,361	17
Termoelectrica	-	1,206	1,206	-
National Agency for Payments and Social Inspection	-	25,254	-	25,254
Ministry of Energy (*)	302,232	2,320,458	-	2,320,458
Others	15,611	11,538	655	10,883
<b>Total</b>	<b>460,000</b>	<b>2,640,724</b>	<b>218,602</b>	<b>2,422,122</b>

(\*) During the three-month period ended 31 March 2024, Electrica Furnizare S.A. recognized subsidies in amount of RON 302,232 thousand, to be received from the Ministry of Energy, following the application of the capping price mechanism for the electricity and natural gas according to the legislation in force.

Client	Sales (excluding VAT)	Balance, gross (including VAT)	Allowance	Balance, net
	Three month period ended 31 March 2023 (unaudited and not reviewed)	31 December 2023 (audited)		
OPCOM	15,103	2,174	-	2,174
Transelectrica	43,134	44,220	-	44,220
Hidroelectrica	60,362	32,882	-	32,882
CN Romarm	242	4,279	-	4,279
SNGN Romgaz	16,280	-	-	-
Transgaz	721	544	-	544
CFR Electricitare	3,007	2,347	-	2,347
CN Remin SA	-	71,347	71,216	131
Oltchim	-	115,426	115,426	-
C.N.C.A.F. MINVEST SA	-	26,802	26,802	-
C.N.C.F. CFR S.A.	-	33,841	5	33,836
CET Braila	-	3,378	3,361	17
Termoelectrica	-	1,206	1,206	-
National Agency for Payments and Social Inspection	-	36,496	-	36,496
County Agency for Payments and Social Inspection	-	18,981	-	18,981
Ministry of Energy (*)	987,255	2,605,684	-	2,605,684
Others	24,039	9,173	364	8,809
<b>Total</b>	<b>1,150,143</b>	<b>3,008,780</b>	<b>218,380</b>	<b>2,790,400</b>

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## **19 Contingencies**

### **Contingent Liabilities**

#### ***Fiscal environment***

Tax audits are frequent in Romania, consisting of detailed verifications of the accounting records of taxpayers. Such audits sometimes take place after months, even years, from the date liabilities are established. Consequently, companies may be found liable for significant taxes and fines. Moreover, tax legislation is subject to frequent changes and the authorities demonstrate inconsistency in interpretation of the law.

Income tax returns may be subject to revision and corrections by tax authorities, generally for a five year period after they are completed.

The Group may incur expenses related to previous years' tax adjustments because of controls and litigations with tax authorities. The management of the Group believes that adequate provisions and liabilities were recorded in the consolidated financial statements for all significant tax obligations; however, a risk persists that the tax authorities might have different positions.

#### ***Tax inspection report for former SDEE Muntenia Nord S.A. subsidiary (currently Distributie Energie Electrica Romania S.A.)***

The former SDEE Muntenia Nord S.A. subsidiary (currently Distributie Energie Electrica Romania S.A.) was subject to a tax audit performed by the Local Taxes Department of Galati City Hall that referred to the taxes on buildings paid for the period 2012-2016. The tax audit was finalized in December 2019, when the fiscal inspection report was communicated to the subsidiary. The fiscal report established additional payment obligations for the subsidiary representing building tax for the period 01.01.2012-31.12.2015 in the total amount of RON 24,831 thousand, of which principal in amount of RON 12,051 thousand and related late-payment penalties computed as of October 2019, in amount of RON 12,780 thousand. The amount of late charges was recalculated to RON 13,021 thousand between the tax inspection report date and principal debt payment date. Litigious actions were started in order to challenge the tax inspection report, next court term being on 31.01.2024.

The Group recognised an expense of RON 12,051 thousand during the year ended 31 December 2019. At the same time, for the late penalties in the amount of RON 13,021 thousand, a letter of bank guarantee was established in the amount of RON 13,021 thousand valid until 14 August 2024, in order to mitigate the associated risks.

#### ***Other litigations and claims***

The Group is involved in a series of litigations and claims (eg. with ANRE, ANAF, Court of Accounts, claims for damages, claims over land titles, labour related litigations etc.).

As summarised in Note 16, the Group made provisions for the litigations or claims for which the management assessed as probable the outflow of resources embodying economic benefits due to low chances of favourable outcomes of those litigations or disputes. The Group does not disclose information in the financial statements and did not make provisions for litigations and claims for which management assessed a remote possibility of outflow of economic benefits.

If applicable, the Group discloses information on the most significant amounts subject to litigations or claims for which the Group did not make provisions as they relate to possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group (ie. litigations for which different inconsistent sentences were issued by the courts, or litigations which are in early stages and no preliminary ruling was issued so far).

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**20 Subsequent events**

**GMS Approval as of 25 April 2024**

During the General Meeting of Shareholders on 25 April 2024, the following were approved:

- the distribution of dividends for the financial year 2023 in the gross amount of 39,999 thousand RON (the value of the gross dividend per share being RON 0.1178, and the dividend payment date being 21 June 2024);
- the cancellation of own shares in the number of 6,890,593, which represent 1.988951% of the share capital, obtained through the stabilization that took place within the Initial Public Offer of June 2014;
- the reduction of the share capital regarding the number of 6,890,593 cancelled own shares, respectively the reduction of the share capital of the company from RON 3,464,435,970 to RON 3,395,530,040;
- reducing the number of shares from 346,443,597 shares to 339,553,004 shares.

The share capital of the Company is held as follows:

a. The Romanian State, represented by the competent authority according to the law, holds 169,046,299 shares, with a total nominal value of 1,690,462,990 lei, of which 41,419,110 lei are contributions in kind (representing land and buildings), for which they have a number of 4,141,911 shares were granted, representing 49.7850% of the subscribed capital;

b. Shareholders - list type (individuals and legal entities), own a number of 170,506,705 shares, with a total nominal value of 1,705,067,050 lei, consisting of a cash contribution of RON 1,370,097,050 and USD 104,011,799.41 (at an exchange rate of 3.2205 RON/USD), representing 50.2150% of the share capital.

**Chief Executive Officer**  
Alexandru – Aurelian Chirita

**Chief Financial Officer**  
Stefan Alexandru Frangulea

15 May 2024