

## Summary of Consolidated Results for Q2 2023 / H1 2023

### The evolution of the main indicators in H1 2023:

- **EBITDA** – RON 636 mn., substantially increased, with RON 535 mn. compared to H1 2022;
- **Net result** – profit of RON 106, significant improvement, compared to the loss of RON 176 mn. in H1 2022;
- **Operating income** – RON 6739 mil, increase with 14% compared to RON 5933 mn. in H1 2022;
- **CAPEX PIF (commissioned)** – RON 212.4 mn., solid increase with 93% compared to RON 110 mn. in H1 2022.

### The evolution of the main indicators in Q2 2023:

- **EBITDA** – RON 466 mn., substantially increased, with RON 314 mn. compared to Q2 2022;
- **Profit net** – RON 173 mn., substantially increased, with the loss of RON 18 mn. in Q2 2022;
- **Operating income** – RON 3206 mn., increased with 20% from RON 2675 mn. in Q2 2022;
- **CAPEX PIF (commissioned)** – RON 162.2 mil, with 141% more than RON 67.4 mn. in Q2 2022.

The main results are presented below and are extracted from the Simplified Consolidated Interim Financial Statements as at and for the six-month period ended 30 June 2023 prepared in accordance with Order of Ministry of Public Finance 2844/2016:

Financial Results – in RON mn.*	H1 2023	H1 2022	Δ	Δ %	Q2 2023	Q2 2022	Δ	Δ %
Operating income, out of which	6739	5933	806	14%	3206	2675	531	20%
<i>Income from subsidies</i>	<i>1802</i>	<i>1211</i>	<i>591</i>	<i>49%</i>	<i>815</i>	<i>579</i>	<i>236</i>	<i>41%</i>
<i>Income from the production of intangible assets **</i>	<i>56</i>	<i>0</i>	<i>56</i>	<i>-</i>	<i>35</i>	<i>0</i>	<i>35</i>	<i>-</i>
Operating expense	(6460)	(6080)	(380)	6%	(2921)	(2647)	(273)	9%
(Loss)/Operating profit	279	(147)	426	-	286	28	258	921%
<b>EBITDA</b>	<b>636</b>	<b>101</b>	<b>535</b>	<b>530%</b>	<b>466</b>	<b>152</b>	<b>314</b>	<b>207%</b>
<b>Newt profit/(loss)</b>	<b>106</b>	<b>(176)</b>	<b>282</b>	<b>-</b>	<b>173</b>	<b>(18)</b>	<b>191</b>	<b>-</b>

\*Amounts are rounded to the nearest whole value

\*\*Income from the production of intangible assets representing the capitalization of additional costs with the purchase of electricity. The first capitalized asset for the additional costs of purchasing electricity for the NL coverage was registered on 30.09.2022 for the period January-September 2022 according to OMFP 3900/2022 so in Q1 2022 we have no comparative value.  
 Source: Electrica

### **Declaratie Chirita Alexandru-Aurelian, Director General Electrica S.A.:**

„ The financial results achieved by Electrica Group in H1, including an increase in EBITDA to RON 636 million and a net profit of RON 106 million, not only highlight the company's resilient strategy but also the undeniable dedication of our team in implementing efficient solutions in a volatile market environment, with a deep focus on transitioning to green energy.

*Our people are at the heart of this transition, serving as the source of innovation and adaptation. In a fluctuating economic and legislative environment, we are strengthening our position as a stable and resilient entity, always ready to adapt to the challenges of an evolving market.*

*By reinforcing our financial foundation and optimizing operational efficiency in all our business domains, we aim to strengthen and expand our portfolio focused on renewable energies. I express my deepest gratitude to each member of the team, our customers, investors, and partners, whose contributions have been essential in defining and shaping the direction we are pursuing.”.*

## **OTHER IMPORTANT OPERATIONAL INFORMATION**

- **Distributed electricity volumes** - 8,28 TWh, decreased with 7.9% compared to H1 2022; DEER serves approx. 3.9 mn. users, on an area covering about 40% of Romania;
- **Volumes of electricity supplied to final customers** - 3,88 TWh, reduced with 6,84% compared to S1 2022, due to the general downward trend in electricity consumption; Electrica Furnizare supplies electricity for approx. 3.5 mn. consumption places on the competitive market, as well as on the universal service and last resort supplier market.;
- **Supply market share** - Electrica Furnizare is one of the biggest electricity suppliers, with a total market share of 17,79% and a competitive market share of 10.43%, as per the latest available ANRE report (April 2023);
- 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 296,5 MW;
- The **estimated Regulated Assets Base (RAB)**, in nominal terms, with an inflation of 13.69% for the year 2023, estimated at the end of the first semester of the year 2023 was RON 6.9 bn., without inflation being RON 6.1 bn.
- At the end of the first semester of 2023, the operator Distribuție Energie Electrica Romania (DEER) made and put into operation investments (**commissioned CAPEX**) amounting to RON 212.4 mn., representing 28% of the value of the commissioning program planned for 2023 (RON 764 mn., of which RON 628.4 mn. plan for 2023, and RON 135.6 mn. values related to 2022 plan); RON 82.9 mn. from 2023, RON 95.2 mn. recoveries related to 2022 and RON 34.3 mn. additional works compared to the 2023 plan, resulting from legislative changes regarding the connections.

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

In the first half of 2023, EBITDA at the level of the Electrica Group registered an increase of RON 535 mn., reaching a value of RON 636 mn., compared to a value of RON 101 mn. achieved in H1 2022.

The impact was mainly generated by the operational performance of the distribution segment, due to: increase in income from energy, generated by the increase in the distribution tariffs by an average of 20% (26.1% MN area; 21.5% TN area and 10.9% TS area), compared to the first six months of 2022, a positive effect reduced by the decrease in the volumes of electricity distributed by approx. 8% (in line with the decrease in national consumption); decrease in the costs incurred with the purchasing of electricity for covering network losses, due to the implementation of the centralized purchase mechanism MACEE, as well as the ongoing concern to keep operational costs under control.

*\*MACEE = According to the Emergency Ordinance no. 153/2022, during 1 January 2023- 31 March 2025, the centralised electricity purchasing mechanism is established, with OPCOM as the single buyer. The distribution system operators will buy from OPCOM through an annual/monthly mechanism a minimum of 75% of the quantity forecast and validated by ANRE at a price of 450*

*RON/MWh, and producers will sell to OPCOM through an annual/monthly mechanism 80% of the volumes forecast and validated by ANRE and Transelectrica, at a price of 450 RON/MWh.*

On the distribution segment, we mention, related to the assets capitalization, the following: the first capitalized asset for the additional costs of purchasing electricity for the NL coverage was registered on 30 September 2022 for the period January-September 2022 according to OMFP 3900/2022 and began to be amortized from the fourth quarter of 2022, the second capitalized asset was registered on 31 December 2022 for the period October-December 2022 and began to be amortized from the first quarter of 2023, and the third capitalized asset was recorded on 30 June 2023 for the period April-June 2023 and will began to be amortized from 01 July 2023, while the recovery through increased tariffs of the electricity price difference for covering NL costs only started on 01 April 2023. Moreover, the capitalized assets for the difference of NL established in 2023 are worth RON 56 mn., as opposed to those established in 2022 worth RON 989 mn., a favorable effect of the implementation of MACEE on the distribution segment.

Due to the implementation of MACEE, the estimation for 2023 is that the capitalized will be significantly lower than those in 2022.

On the supply segment, following the adoption of Ord. no. 30 of 10 August 2023, the Ministry of Finance is authorized to fund the account provided for in the GEO no. 27/2022 regarding some of the measures applicable to final customers in on the electricity and natural gas market between 1 April 2022 and 31 March 2023, as well as for amending and supplementing certain normative acts in the field of energy, approved with amendments and completions by Law no. 206/2022, with the corresponding amounts of the solidarity contribution collected in 2023, within 3 working days from the date of entry into force of the Oordinance. According to this, the Group expects an increase in the recovery rate of subsidies.

The balance of subsidies to be received, as of 30 June 2023, is estimated at RON 2,299.9 mn., of which RON 497.9 mn. is the amount not yet collected for the year 2022, applications submitted and validated by ANRE, not collected, in the amount of RON 1,253.4 mn (Ministry of Energy: RON 361.4 mn and ANPIS: RON 891.9 mn.) and RON 548.5 mn. from applications not yet submitted to the state authorities until 30 June 2023.

Not collecting subsidies on time generated a significant additional borrowing requirement for the company, which generated exceptional financial costs, affecting profitability.

### **Analysis of the financial indicators at segment level**

#### **The Distribution Segment:**

- The operational performance for the distribution segment which significantly improved in the second quarter of 2023, EBITDA registered in the first quarter on this segment was RON 112 million and in the second quarter it reached RON 418 million, representing an increase of approximately RON 306 million in the second quarter of 2023 alone.
- During the six months period ended 30 June 2023, revenues from the electricity distribution segment increased by RON 394 million, or 25.3%, to RON 1,952 million, from RON 1,558 million in the same period of the previous year, as a result of the following factors:
  - a favorable impact of approx. RON 193 million, mainly from the increase in the distribution tariffs by an average of 20% (see above the mention of tariffs increase starting with April 1, 2023 by approx. 20%), compared to the first six months of 2022, a positive effect reduced by the decrease in the volumes of electricity distributed by approx. 8%;
  - a favorable impact from the evolution of revenues recognized in accordance with IFRIC 12 - revenues from electricity distribution segment are influenced by the recognition of network investments with concession agreements, these revenues increasing in H1 2023 by RON 201

million, compared to the same period last year. The impact was generated by the increase in CAPEX achieved in H1 2023 vs H1 2022.

- The revenues from the capitalization of own technological consumption amounted to RON 56 million, representing the additional CPT calculated as the difference between the net cost with the purchase of electricity and the cost of own technological consumption included in the regulatory tariff, for the period 01 January – 30 June 2023. Starting with 30 September 2022, Electrica Group applies the provisions of GEO no. 119/2022, through which the additional costs with the purchase of electricity, realized between 01 January 2022 and 31 March 2025, in order to cover its own technological consumption, compared to the costs recognized in the regulated tariffs are capitalized quarterly and remunerated at 50% of the regulated rate of return (RRR) approved by ANRE;
- The cost of electricity purchased to cover grid losses decreased by RON 520 million, or 46.4%, to RON 602 million, from RON 1,122 million, the evolution being generated by a significant decrease in the electricity acquisition prices as a result of the implementation of the MACEE centralized acquisition mechanism, according to which the producers have the obligation to sell 80% of the available energy at a price of 450 RON/MWh, impact mitigated by the increase of the electricity volumes necessary to cover grid losses;
- The net result on the distribution segment reached in H1 2023 represents a net profit of RON 68 million and positive EBITDA of RON 529 million (vs RON 165 million negative EBITDA in H1 2022). The net result improved significantly with the entry into force of the increased distribution tariffs, starting with 01 April 2023.

#### **The Supply Segment:**

- Revenues from the supply of electricity and natural gas decreased by RON 138 million, or 3.6%, to RON 3.695 million, from RON 3.833 million in the first half of 2023, mainly due to the net effect of increasing retail prices on the retail market by 10% and reducing the amount of energy supplied to the retail market by 7%;
- The revenues from subsidies amount to RON 1.802 million in H1 2023, an increase by RON 591 million compared to the same period of the previous year, as a result of the increase in the electricity purchase prices and the application of the capping mechanism according to GEO 119/2022, with subsequent additions and amendments;
- The cost of purchased electricity (including transmission system services) increased by RON 525 million, or 13.8%, to RON 4.340 million in H1 2023, from RON 3.816 million recorded in H1 2022;
- The net profit in the supply segment in H1 2023 is RON 31 million (compared to RON 213 million in H1 2022) and positive EBITDA of RON 132 million (compared to RON 287 million in H1 2022), being significantly affected by interest on loans contracted to support payments, during the period when the proceeds of subsidies are not made in time.
- The reduction of the profit has, in essence, two main reasons, namely, increasing the financial costs and decreasing sales volumes, which reduced the trade net margin and implicitly, EBITDA

The documents related to the H1 2023 results are available on Electrica's website at the following link: <https://www.electrica.ro/investitori/rezultate-si-raportari/rezultate-financiare/situatiile-financiare-pentru-s1-2023/>, as well as in the pdf file attached below.

We remind you that Electrica's management is organising on 30 August 2023, 16:00 (Romanian time), a web conference for analysts and investors: Presentation of Electrica Group H1 2023 Financial Results. The web conference can be accessed online under the following link: <https://87399.themediaframe.eu/links/electrica230830.html>.

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**Stefan Frangulea**



**SOCIETATEA ENERGETICA ELECTRICA S.A.**

Condensed Consolidated Interim Financial Statements

as at and for the six month period ended

**30 June 2023**

prepared in accordance with

**OMFP no. 2844/2016**

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH**  
**PERIOD ENDED 30 June 2023**  
PREPARED IN ACCORDANCE WITH **OMFP no. 2844/2016**

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

AS AT 30 June 2023

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

	Note	30 June 2023 (reviewed)	31 December 2022 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets related to concession arrangements		5,886,915	5,675,866
Intangible assets from the capitalization of own technological consumption		908,096	951,557
Other intangible assets		12,819	12,854
Goodwill		13,763	12,040
Property, plant and equipment		500,046	499,390
Investments in associates		22,970	18,824
Other investments		7,000	7,000
Deferred tax assets	10	24,173	30,180
Right of use assets		50,382	52,152
Other non-current assets		51,604	2,393
<b>Total non-current assets</b>		<b>7,477,768</b>	<b>7,262,256</b>
<b>Current assets</b>			
Trade receivables	11	2,569,538	2,466,002
Subsidies receivable	7	2,299,886	1,280,788
Other receivables		75,029	127,253
Cash and cash equivalents	12	147,227	334,887
Inventories		94,316	113,972
Prepayments		20,720	13,874
Current income tax assets		-	24,000
Assets held for sale		280	280
<b>Total current assets</b>		<b>5,206,996</b>	<b>4,361,056</b>
<b>Total assets</b>		<b>12,684,764</b>	<b>11,623,312</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		88,217	92,117
Legal reserves		433,933	429,583
Retained earnings		1,414,388	1,353,942
<b>Total equity attributable to the owners of the Company</b>		<b>5,428,658</b>	<b>5,367,762</b>
Non-controlling interests		(466)	(516)
<b>Total equity</b>		<b>5,428,192</b>	<b>5,367,246</b>

(Continued on page 2)



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

AS AT 30 June 2023

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

	Note	30 June 2023 (reviewed)	31 December 2022 (audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	14	758,911	647,193
Lease liabilities		34,678	34,462
Deferred tax liabilities		220,773	212,555
Employee benefits		133,189	117,269
Other payables	13	70,026	72,432
<b>Total non-current liabilities</b>		<b>1,217,577</b>	<b>1,083,911</b>
<b>Current liabilities</b>			
Current portion of long-term bank borrowings	14	408,594	113,520
Current portion of lease liabilities		17,291	19,211
Bank overdrafts	15	2,765,501	2,571,037
Trade payables		1,365,114	1,407,097
Other payables	13	1,313,445	867,536
Deferred revenue		10,009	24,750
Employee benefits		105,549	114,174
Provisions	16	44,371	53,701
Current tax liabilities		9,121	1,129
<b>Total current liabilities</b>		<b>6,038,995</b>	<b>5,172,155</b>
<b>Total liabilities</b>		<b>7,256,572</b>	<b>6,256,066</b>
<b>Total equity and liabilities</b>		<b>12,684,764</b>	<b>11,623,312</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

24 August 2023

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

AS AT 30 June 2023

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

	Note	Six month period ended	
		30 June 2023 (reviewed)	30 June 2022 (reviewed)
Revenue	6	4,807,488	4,628,791
Other income	7	1,874,765	1,304,330
Capitalised costs of intangible non-current assets		56,257	-
Electricity and natural gas purchased	8	(4,941,399)	(4,937,596)
Construction costs related to concession agreements		(423,934)	(228,770)
Employee benefits		(451,525)	(389,448)
Repairs, maintenance and materials		(49,798)	(36,079)
Depreciation and amortization		(357,160)	(248,212)
Impairment for trade and other receivables, net		(24,251)	(50,036)
Other operating expenses		(211,641)	(189,929)
<b>Operating profit/loss</b>		<b>278,802</b>	<b>(146,949)</b>
Finance income		11,380	2,298
Finance costs		(152,959)	(59,765)
<b>Net finance cost</b>		<b>(141,579)</b>	<b>(57,467)</b>
<b>Share of results of associates</b>		(32)	(8)
<b>Profit/Loss before tax</b>		<b>137,191</b>	<b>(204,424)</b>
Income tax expense	10	(31,554)	28,926
<b>Net profit/loss</b>		<b>105,637</b>	<b>(175,498)</b>
<b>Net profit/loss attributable to:</b>			
- owners of the Company		105,766	(175,480)
- non-controlling interests		(129)	(18)
<b>Net profit/loss</b>		<b>105,637</b>	<b>(175,498)</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (RON)	9	<b>0.31</b>	<b>(0.52)</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

24 August 2023

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

AS AT 30 June 2023

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

	<b>Three month period ended</b>	
	<b>30 June 2023</b> <b>(unaudited and not reviewed)</b>	<b>30 June 2022</b> <b>(unaudited and not reviewed)</b>
Revenue	2,312,504	2,049,746
Other income	858,247	625,333
Capitalised costs of intangible non-current assets	35,175	-
Electricity and natural gas purchased	(2,098,922)	(2,065,065)
Construction costs related to concession agreements	(252,641)	(120,509)
Employee benefits	(244,682)	(201,898)
Repairs, maintenance and materials	(19,235)	(10,556)
Depreciation and amortization	(180,759)	(124,163)
Impairment for trade and other receivables, net	(15,649)	(30,335)
Other operating expenses	(108,624)	(94,771)
<b>Operating profit</b>	<b>285,414</b>	<b>27,782</b>
Finance income	4,847	1,867
Finance costs	(81,987)	(41,624)
<b>Net finance cost</b>	<b>(77,140)</b>	<b>(39,757)</b>
<b>Share of results of associates</b>	<b>(30)</b>	<b>(3)</b>
<b>Profit/(Loss) before tax</b>	<b>208,244</b>	<b>(11,978)</b>
Income tax benefit/(expense)	(35,960)	(5,733)
<b>Net profit/(loss)</b>	<b>172,284</b>	<b>(17,711)</b>
<b>Net profit/(Loss) attributable to:</b>		
- owners of the Company	<b>172,372</b>	<b>(17,693)</b>
- non-controlling interests	<b>(88)</b>	<b>(18)</b>
<b>Net profit/(loss)</b>	<b>172,284</b>	<b>(17,711)</b>
<b>Earnings/ (Loss) per share</b>		
Basic and diluted earnings/ (loss) per share (RON)	<b>0.50</b>	<b>(0.05)</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

24 August 2023

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE SIX MONTH PERIOD ENDED 30 June 2023  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	<b>Six month period ended</b>	
	<b>30 June 2023</b> <b>(reviewed)</b>	<b>30 June 2022</b> <b>(reviewed)</b>
<b>Net profit/loss</b>	<b>105,637</b>	<b>(175,498)</b>
<b>Other comprehensive income</b>		
<i><b>Items that will not be reclassified to profit or loss</b></i>		
Re-measurements of the defined benefit liability	(5,798)	9,877
Tax related to re-measurements of the defined benefit liability	927	(1,550)
<b>Other comprehensive income/(loss), net of tax</b>	<b>(4,871)</b>	<b>8,327</b>
<b>Total comprehensive income/(loss)</b>	<b>100,766</b>	<b>(167,171)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
- owners of the Company	100,895	(167,153)
- non-controlling interests	(129)	(18.0)
<b>Total comprehensive income/(loss)</b>	<b>100,766</b>	<b>(167,171)</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

24 August 2023

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE SIX MONTH PERIOD ENDED 30 June 2023  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Three month period ended	
	30 June 2022 (unaudited and not reviewed)	30 June 2022 (unaudited and not reviewed)
<b>Net profit/(loss)</b>	<b>172,284</b>	<b>(17,711)</b>
<b>Other comprehensive income</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Re-measurements of the defined benefit liability	(5,798)	9,877
Tax related to re-measurements of the defined benefit liability	927	(1,550)
<b>Other comprehensive income/(loss), net of tax</b>	<b>(4,871)</b>	<b>8,327</b>
<b>Total comprehensive income/(loss)</b>	<b>167,413</b>	<b>(9,384)</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
- owners of the Company	167,501	(9,366)
- non-controlling interests	(88)	(18)
<b>Total comprehensive income/(loss)</b>	<b>167,413</b>	<b>(9,384)</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

24 August 2023

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
 (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>1,353,942</b>	<b>5,367,762</b>	<b>(516)</b>	<b>5,367,246</b>
<b>Comprehensive income (reviewed)</b>										
Profit for the period (reviewed)	-	-	-	-	-	-	105,766	<b>105,766</b>	<b>(129)</b>	<b>105,637</b>
Other comprehensive income							(4,871)	<b>(4,871)</b>	-	<b>(4,871)</b>
<b>Total comprehensive profit (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,895</b>	<b>100,895</b>	<b>(129)</b>	<b>100,766</b>
<b>Transactions with owners of the Company (reviewed)</b>										
<b>Contributions and distributions</b>										
Dividends to the owners of the Company	-	-	-	-	-	-	(39,999)	<b>(39,999)</b>	-	<b>(39,999)</b>
<b>Changes in ownership interests (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>179</b>
<b>Total changes in ownership interests (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>179</b>	<b>179</b>
<b>Total transactions with the owners of the Company (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(39,999)</b>	<b>(39,999)</b>	<b>179</b>	<b>(39,820)</b>
<b>Other changes in equity (reviewed)</b>										
Set up of legal reserves	-	-	-	-	-	4,350	(4,350)	-	-	-
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(3,900)	-	3,900	-	-	-
<b>Balance at 30 June 2023 (reviewed)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>88,217</b>	<b>433,933</b>	<b>1,414,388</b>	<b>5,428,658</b>	<b>(466)</b>	<b>5,428,192</b>

(Continued on page 8)

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
*(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 2022 (audited)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>102,829</b>	<b>408,405</b>	<b>950,228</b>	<b>4,953,582</b>	<b>-</b>	<b>4,953,582</b>
<b>Comprehensive income (reviewed)</b>										
Loss for the period (reviewed)	-	-	-	-	-	-	(175,480)	<b>(175,480)</b>	(18)	<b>(175,498)</b>
Other comprehensive income	-	-	-	-	-	-	8,327	<b>8,327</b>	-	<b>8,327</b>
<b>Total comprehensive loss (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167,153)</b>	<b>(167,153)</b>	<b>(18)</b>	<b>(167,171)</b>
<b>Transactions with owners of the Company (reviewed)</b>										
<b>Contributions and distributions</b>										
Dividends to the owners of the Company	-	-	-	-	-	-	(152,799)	<b>(152,799)</b>	-	<b>(152,799)</b>
<b>Total transactions with the owners of the Company (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,799)</b>	<b>(152,799)</b>	<b>-</b>	<b>(152,799)</b>
<b>Other changes in equity (reviewed)</b>										
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(5,546)	-	5,546	-	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	(406)	<b>(406)</b>
<b>Balance at 30 June 2022 (reviewed)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>97,283</b>	<b>408,405</b>	<b>635,822</b>	<b>4,633,630</b>	<b>(424)</b>	<b>4,633,206</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

24 August 2023

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

	Note	Six month period ended	
		30 June 2023 (reviewed)	30 June 2022 (reviewed)
<b>Cash flows from operating activities</b>			
Profit		<b>105,637</b>	<b>(175,498)</b>
<b>Adjustments for:</b>			
Depreciation		8,884	9,933
Amortisation		348,300	238,279
Capitalised costs of intangible non-current assets	7	(56,257)	-
Loss/ (Gain) on disposal of property, plant and equipment		-	(466)
Impairment of trade and other receivables, net	11	24,251	50,036
Adjustments for assets held for sale, net		-	79
Changes in employee benefits obligations		-	1,673
Change in provisions, net	16	(9,330)	2,117
Net finance cost		141,579	57,467
Income tax expense	10	31,554	(28,926)
Share of loss of associates		32	8
		<b>594,650</b>	<b>154,702</b>
<b>Changes in:</b>			
Trade receivables		(222,123)	(655,244)
Subsidies receivable	7	(1,019,098)	(1,132,076)
Other receivables		1,466	17,201
Prepayments		(6,846)	(9,882)
Inventories		19,656	(12,342)
Trade payables		(16,488)	68,103
Other payables		433,812	215,466
Employee benefits		2,424	(23,031)
Deferred revenue		(14,741)	9,728
<b>Cash used in operating activities</b>		<b>(227,288)</b>	<b>(1,367,375)</b>
Interest paid		(131,154)	(50,350)
Income tax paid		(1,417)	-
<b>Net cash used in operating activities</b>		<b>(359,859)</b>	<b>(1,417,725)</b>

*(Continued on page 10)*



**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2023 (reviewed)	30 June 2022 (reviewed)
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment		(932)	(4,948)
Payments for network construction related to concession agreements		(376,811)	(261,383)
Payments for purchase of other intangible assets		(2,967)	(1,890)
Proceeds from sale of property, plant and equipment		-	2,454
Interest received		1,097	443
Payments for acquisition of subsidiaries, net of cash acquired		(6,105)	(3,006)
<b>Net cash used in investing activities</b>		<b>(385,718)</b>	<b>(268,330)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term bank borrowings	14	450,890	113,451
Proceeds from overdrafts	15	188,122	1,737,525
Repayment of long-term bank loans	14	(46,457)	(46,461)
Payment of lease liabilities		(14,591)	(9,630)
Dividends paid		(20,047)	(152,291)
<b>Net cash generated from financing activities</b>		<b>557,917</b>	<b>1,642,594</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(187,660)</b>	<b>(43,461)</b>
Cash and cash equivalents at 1 January		334,887	(405,572)
<b>Cash and cash equivalents at 30 June</b>	12	<b>147,227</b>	<b>(449,033)</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

24 August 2023

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
*(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 six month period ended 30 June 2023.

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 30 June 2023 and 31 December 2022, 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 30 June 2023 and 31 December 2022, 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 30 June 2023</b>	<b>% shareholding as at 31 December 2022</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%
Electrica Producție Energie S.A ("EPE")	Electricity generation	44854129	Bucuresti	99.9920%	99.9920%
Electrica Energie Verde 1 S.R.L.* ("EEV1" – former Long Bridge Milenium S.R.L.)	Electricity generation	19157481	Bucuresti	100%*	100%*
Sunwind Energy S.R.L.	Electricity generation	42910478	Bucuresti	100%	60%
New Trend Energy S.R.L.	Electricity generation	42921590	Constanta	60%	60%
Green Energy Consultancy & Investments S.R.L.	Electricity generation	29172101	Bucuresti	100%	75%

\*indirect shareholding - Electrica Energie Verde 1 S.R.L. is 100% owned by Electrica Productie Energie S.A. subsidiary.

As at 30 June 2023 and 31 December 2022, 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 30 June 2023</b>	<b>% shareholding as at 31 December 2022</b>
Crucea Power Park S.R.L.	Electricity generation	25242042	Constanta	40%	30%
Foton Power Energy S.R.L.	Electricity generation	43652555	Constanta	30%	30%

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
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***Changes in Group structure for the six months period ended 30 June 2023***

Acquisition of shares in subsidiaries

The project company Green Energy Consultancy & Investments S.R.L, having as main object of activity the production of energy from photovoltaic sources, was acquired 100% on 6 February 2023, until 31 December 2022 was acquired 75% (please see Note 1). Green Energy Consultancy & Investments S.R.L. develops the photovoltaic project "Vultur", 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 Vultur locality, Vrancea county. The project is in the "ready-to-build" phase.

On 24 March 2023, Electrica completed the acquisition of Sunwind Energy, which has as its main activity production of energy from photovoltaic sources. Until 31 December 2022 the project was acquired 60% (please see Note 1). The company 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.

Acquisition of shares in associates

On 15 mai 2023, the Group 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%.

***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, Dambovita, 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.

***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 119/25.11.2021</b>		
	<b>1 January 2022 -31 March 2022</b>		
	High voltage	Medium voltage	Low voltage
Transilvania Nord area	21.79	48.13	122.78
Transilvania Sud area	22.34	45.49	127.04
Muntenia Nord area	21.02	43.54	140.68
	<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

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
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*(All amounts are in THOUSAND RON, if not otherwise stated)*

	<b>Order 27/29.03.2023</b>		
	<b>Starting 1 April 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

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 NL, 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.

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 (MACEE), 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.

*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 August 2023, 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 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.

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
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*(All amounts are in THOUSAND RON, if not otherwise stated)*

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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:

- Capping the selling price for household and non-household consumers (1 November 2021 – 31 March 2025). The amounts compensated will be received from the National Agency for Payments and Social Inspection („ANPIS”) for household consumers and a from the Ministry of Energy for non-household consumers;
- The limitation of the average purchase price considered for determining the amounts to be recovered from the state budget to 1,300 RON/MWh; except of the purchase intended for supply as a last resort, where this limitation does not apply;
- Limitation of the permitted supply component to:
  - Electricity – SoLR („Supplier of Last Resort”) 80 lei/MWh and Non SoLR 73 lei/MWh;
  - Natural gas – SoLR 13.5 lei/MWh and Non SoLR 12 lei/MWh;
- Contribution to the Energy Transition Fund for suppliers who carry out trading activity and aggregators who trade quantities of electricity and/or natural gas on the wholesale market = (Average sale price – Average purchase price x 1.02) x Quantity delivered monthly;
- Legal obligation of natural gas producers to sell at the price of 150 RON / MWh the quantities necessary for the supply of household customers / heat producers;
- Legal obligation to underground storage of natural gas of a minimum stock of natural gas at the level of 90% of the storage capacity of the warehouses. The minimum stock of natural gas for each supplier is determined depending on the share of the quantity of each supplier in the total quantity estimated at national level (ANRE Order 10/2023).

***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 additional costs with own technological consumption.

In the period 1 January 2023 - 31 March 2025, the centralized electricity purchase mechanism (MACEE) is established. The mechanism 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 electricity transportation system operator and electricity distribution system operators to cover the 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).

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 August 2023.

This change in energy sector has generated a new reporting requirement for an accounting treatment in place to cover own technological consumption and it was updated in the OMFP 2844/2016 i.e. it now allows the capitalization of such

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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*(All amounts are in THOUSAND RON, if not otherwise stated)*

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additional costs related to own technological consumption („CPT”) as intangible asset which has to be depreciated linearly over next 5 years.

According to OUG 119/2022 and ANRE regulations, the capitalised costs of intangible non-current assets are recorded in the accounting records and therefore on the annual financial statements according to OMFP 2844/2016 with the instructions developed by the Ministry of Finance. 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 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 (recognition of ex-ante tariffs) and for the difference above this level of price of 450 RON/MWh up to the effective average price established by ANRE, there is a linear depreciation over 5 years stipulated with return at 50% of Regulated Rate of Return (RRR).

For **the supply segment**, starting with 1 November 2021, following the increase in the price of energy and natural gas on the international and national markets, the energy crisis, as well as the effects caused by these increases among the population, in Romania, a series of support schemes were applied to electricity and gas consumers, by establishing compensation and capping schemes between November 1, 2021 and March 31, 2025.

In 2023, 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.

### ***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 OMFP no. 2844/2016. They do not include all the information required for a complete set of financial statements prepared in accordance with OMFP no. 2844/2016 and these should be read together with the annual consolidated financial statements as at and for the year ended 31 December 2022. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2022.

These condensed consolidated interim financial statements are not in compliance with IFRS-EU.

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
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*(All amounts are in THOUSAND RON, if not otherwise stated)*

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Starting with the consolidated financial statements as at and for the year ended 31 December 2022 the Group's financial statements prepared in accordance with the Order of Ministry of Public Finances 2844/2016 included the capitalization of the additional costs with the purchase of electricity made between 1 January 2022 and 31 August 2023, in order to cover the own technological consumption (NL) for economic operators for energy transport and distribution services. The condensed interim consolidated financial statements as at and for the 6 months period ended June 30, 2023 also includes the effect of the capitalization of the additional costs with the purchase of electricity.

The Group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 24 August 2023.

**Going concern**

The consolidated condensed interim financial statements have been prepared on the going concern basis. In making this judgement management considers current trading performance and access to finance resources. The Group has prepared a forecast that includes the following assumptions:

- A continuation of the support scheme until 31 March 2025 according to the applicable legislation but with a more stable flow of repayments of the reimbursement requests for subsidies as compared with last year, as the mechanism has been operationally improved;
- An increase in the recovery rate of subsidies receivable, according to the legislation in force and correlated with the latest adoption of Ord. no. 30 of 10 August 2023 which stipulates that the Ministry of Finance is authorized to fund the account provided for in the GEO no. 27/2022 with the corresponding amounts of the solidarity contribution collected in 2023, in the first 6 months of 2023, the recovery rate of the subsidies was low and did not comply with the terms provided by the legislation but once with the approval of GEO no. 30 of 10 August 2023, the Group considers that during the forecast period the subsidies will be collected according to the previously mentioned terms;
- The utilization of confirmed debt facilities up to a limit of RON 5,308,350 thousand, including RON thousand 3,110,014 thousand overdraft limits (out of which RON 2,765,501 RON thousand used until 30.06.2023 - please see Note 15) and RON 2,198,336 thousand long term loans limit (out of which RON 1,167,505 thousand long term loans used until 30.06.2023 - please see Note 14);
- The utilization of not yet confirmed facilities, overdraft and long term loans for financing working capital needs amounting to RON 400,000 thousand which will be drawn during the forecast period;
- Also, the Group obtained the approval of the GSM to perform one or more bond issuance within a ceiling of up to 900,000 th RON in the period 2022-2024, mainly for the development of green energy generation projects. The intention is to make a first issuance of up to RON 480,000 thousand by the end of 2023, and until its use in the operationalization of green energy production projects, the respective amounts attracted will be able to be used as a liquidity buffer at the Group level.

At the date of issuance of these consolidated interim financial statements the regulatory position may be further amended and there may be further laws enacted which could adversely impact the Groups operating cash flows during the forecast period. Given the current market uncertainties, the Group is closely monitoring the market context and is continuously analysing the opportunities for optimisation of debt and increase of bank overdrafts and long-term loans. In light of the importance of the Group as the supplier and distributed of electricity on the Romanian market, having 39.7 % (according to the latest ANRE report 2022 for the distribution segment) as market share on the electricity distribution and 17.96 % (according to the latest ANRE report 2022 for the supply segment) as market share on the electricity supply market and having as main shareholder of Electrica SA the Romanian State, the management believes sufficient financing will be made available to cover any financing requirements arising from market uncertainty and Group will be able to meet its obligations as they fall due.

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Based upon the above projections and other information, given the measures already implemented and the strategies to reduce the risks which may occur due to the instability of the economic environment, the Board of Directors has, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

***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.

***Service Concession Arrangements***

The concessionaires act as service suppliers (they build, modernize and maintain the distribution network). This results in revenues and expenditures being recognized in the profit and loss account (related to the construction and modernization of infrastructure), as well as of a margin resulting from rendering the construction services established by the Group. As of 30 June 2023, the Group reassessed the margin applied and a margin of 4.35% is applied, based on the Group's experience in working with external contractors. Until 31 December 2022, the margin applied was 3%, as presented in the annual consolidated financial statements as at and for the year ended 31 December 2022.

Except the above, the other 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 2022.

**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 2022.

The new amendments to existing standards that are effective starting with 1 January 2023 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 România S.A. and the activity performed by Electrica Serv S.A within the distribution network).
Electricity generation	Production of electricity from renewable sources (includes Electrica Energie Verde 1 S.R.L., Electrica Productie Energie S.A., Sunwind Energy S.R.L., New Trend Energy S.R.L. and Green Energy Consultancy & Investments S.R.L.).
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 ("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>Six month period ended 30 June 2023 (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	3,666,289	1,120,564	3,835	16,800	<b>4,807,488</b>	-	-	<b>4,807,488</b>
Inter-segment revenue	28,654	831,851	3,061	44,945	<b>908,511</b>	-	(908,511)	-
<b>Segment revenue</b>	<b>3,694,943</b>	<b>1,952,415</b>	<b>6,896</b>	<b>61,745</b>	<b>5,715,999</b>	-	<b>(908,511)</b>	<b>4,807,488</b>
Other income	1,815,034	73,722	-	10,001	<b>1,898,757</b>	618	(24,610)	<b>1,874,765</b>
Capitalised costs of intangible non-current assets	-	56,257	-	-	<b>56,257</b>	-	-	<b>56,257</b>
<b>Segment profit/(loss) before tax</b>	<b>48,972</b>	<b>81,849</b>	<b>1,433</b>	<b>992</b>	<b>133,246</b>	<b>13,359</b>	<b>(9,414)</b>	<b>137,191</b>
Net finance (cost)/ income	(75,362)	(104,576)	(2,249)	6,173	<b>(176,014)</b>	34,435	-	<b>(141,579)</b>
Amortization and depreciation	(7,588)	(342,769)	(1,297)	(4,870)	<b>(356,524)</b>	(636)	-	<b>(357,160)</b>
Adjusted EBITDA*	131,922	529,194	4,979	(311)	<b>665,784</b>	(20,440)	(9,414)	<b>635,930</b>
(Impairment)/Reversal of impairment of trade and other receivables, net	(16,208)	(8,010)	-	(34)	<b>(24,252)</b>	1	-	<b>(24,251)</b>
<b>Segment profit/(loss) after tax</b>	<b>31,235</b>	<b>68,293</b>	<b>1,492</b>	<b>674</b>	<b>101,694</b>	<b>13,357</b>	<b>(9,414)</b>	<b>105,637</b>
Employee benefits	(49,471)	(372,852)	(134)	(15,103)	<b>(437,560)</b>	(13,965)	-	<b>(451,525)</b>
Capital expenditure	4,837	442,375	-	37	<b>447,249</b>	264	-	<b>447,513</b>

<b>Six month period ended 30 June 2022 (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	3,804,645	804,755	7,182	12,209	<b>4,628,791</b>	-	-	<b>4,628,791</b>
Inter-segment revenue	28,096	753,376	3,458	22,228	<b>807,158</b>	-	(807,158)	-
<b>Segment revenue</b>	<b>3,832,741</b>	<b>1,558,131</b>	<b>10,640</b>	<b>34,437</b>	<b>5,435,949</b>	-	<b>(807,158)</b>	<b>4,628,791</b>
<b>Other income</b>	<b>1,244,314</b>	<b>67,596</b>	<b>48</b>	<b>7,913</b>	<b>1,319,871</b>	<b>1,339</b>	<b>(16,880)</b>	<b>1,304,330</b>
<b>Segment profit/(loss) before tax</b>	<b>253,732</b>	<b>(460,833)</b>	<b>6,333</b>	<b>(12,605)</b>	<b>(213,373)</b>	<b>10,402</b>	<b>(1,453)</b>	<b>(204,424)</b>
Net finance (cost)/ income	(27,512)	(60,940)	(394)	1,229	<b>(87,617)</b>	31,595	(1,445)	<b>(57,467)</b>
Amortization and depreciation	(5,904)	(234,639)	(1,182)	(5,660)	<b>(247,385)</b>	(827)	-	<b>(248,212)</b>
Impairment of assets held for sale	-	-	-	(79)	<b>(79)</b>	-	-	<b>(79)</b>
Adjusted EBITDA*	287,148	(165,254)	7,909	(8,095)	<b>121,708</b>	(20,366)	(8)	<b>101,334</b>
(Impairment)/Reversal of impairment of trade and other receivables, net	(52,106)	1,945	-	118	<b>(50,043)</b>	7	-	<b>(50,036)</b>
<b>Segment profit/(loss) after tax</b>	<b>212,800</b>	<b>(392,723)</b>	<b>5,289</b>	<b>(9,828)</b>	<b>(184,462)</b>	<b>10,417</b>	<b>(1,453)</b>	<b>(175,498)</b>
Employee benefits	(49,962)	(305,183)	(59)	(19,622)	<b>(374,826)</b>	(14,622)	-	<b>(389,448)</b>
Capital expenditure	2,944	236,318	-	782	<b>240,044</b>	1,833	-	<b>241,877</b>

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At 30 June 2023 (reviewed)	Electricity and natural gas supply	Electricity distribution	Electricity generation	External electricity network maintenance	Total for reportable segments	Headquarter	Consolidation eliminations and adjustments	Consolidated total
<b>Segment assets</b>	<b>5,154,138</b>	<b>9,772,045</b>	<b>160,044</b>	<b>408,040</b>	<b>15,494,267</b>	<b>114,493</b>	<b>(2,923,996)</b>	<b>12,684,764</b>
Trade and other receivables	2,668,817	1,445,961	9,393	108,419	<b>4,232,590</b>	1,165	(1,589,188)	<b>2,644,567</b>
Cash and cash equivalents	53,387	79,531	7,442	2,624	<b>142,984</b>	4,243	-	<b>147,227</b>
Trade and other payables and short term employee benefits	3,073,933	1,218,911	9,088	47,499	<b>4,349,431</b>	73,770	(1,569,067)	<b>2,854,134</b>
Bank overdrafts	1,796,466	759,746	-	-	<b>2,556,212</b>	209,289	-	<b>2,765,501</b>
Lease liability	8,250	27,738	12,356	1,583	<b>49,927</b>	2,042	-	<b>51,969</b>
Bank borrowings	-	1,042,505	-	-	<b>1,042,505</b>	125,000	-	<b>1,167,505</b>
<b>At 31 December 2022 (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>4,141,083</b>	<b>9,076,633</b>	<b>146,743</b>	<b>418,940</b>	<b>13,783,399</b>	<b>213,625</b>	<b>(2,373,712)</b>	<b>11,623,312</b>
Trade and other receivables	2,579,678	960,913	5,265	90,557	<b>3,636,413</b>	378	(1,043,536)	<b>2,593,255</b>
Cash and cash equivalents	148,919	69,826	4,889	5,623	<b>229,257</b>	105,630	-	<b>334,887</b>
Trade and other payables and short term employee benefits	2,365,894	1,026,377	16,101	42,313	<b>3,450,685</b>	44,399	(1,033,845)	<b>2,461,239</b>
Bank overdrafts	1,589,801	772,098	-	-	<b>2,361,899</b>	209,138	-	<b>2,571,037</b>
Lease liability	8,469	33,830	12,088	(983)	<b>53,404</b>	269	-	<b>53,673</b>
Bank borrowings	-	660,713	-	-	<b>660,713</b>	100,000	-	<b>760,713</b>

\*Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation) 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) adjustments for assets held for sale and iii) net finance income in the operating segment. 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>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Electricity distribution and supply	4,171,179	4,184,038
Supply of natural gas	115,750	164,102
Construction revenue related to concession agreements	442,375	236,318
Sale of photovoltaic solutions	43,908	17,179
Repairs, maintenance and other services rendered	29,645	23,315
Sale of green certificates	1,401	2,232
Services related to re-connection fees	3,124	1,607
Consulting services	106	-
<b>Total</b>	<b>4,807,488</b>	<b>4,628,791</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 1,437 thousand (six month period ended 30 June 2022: RON 1,088 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, sale of merchandise).

**7 Other income**

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Subsidies	1,801,956	1,211,300
Rental income	45,534	46,498
Late payment penalties from customers	21,323	14,368
Other	5,952	32,164
<b>Total</b>	<b>1,874,765</b>	<b>1,304,330</b>

During the six month period ended 30 June 2023, Electrica Furnizare S.A. recognized subsidies of RON 1,801,956 thousand (six month period ended 30 June 2022: RON 1,211,300 thousand).

**8 Electricity and natural gas purchased**

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Electricity purchased	4,491,297	4,409,233
Green certificates purchased	264,942	294,465
Natural gas purchased	185,160	233,898
<b>Total</b>	<b>4,941,399</b>	<b>4,937,596</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.

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**9 Earnings per share**

The calculation of basic and diluted earnings per share has been based on the following profit attributable to Company's shareholders and weighted-average number of ordinary shares outstanding:

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

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Profit/(Loss) for the period attributable to the owners of the Company	105,766	(175,480)
<b>Profit/(Loss) for the period attributable to Company's shareholders</b>	<b>105,766</b>	<b>(175,480)</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 (reviewed) as at 30 June 2023 is 339,553,004 (30 June 2022: 339,553,004).

**Earnings per share**

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Basic and diluted earnings/(loss) per share (RON)	<b>0.31</b>	<b>(0.52)</b>

**Dividends**

On 27 April 2023 the General Shareholders Meeting of the Company approved dividend distribution of RON 39,999 thousand (2022: RON 152,799 thousand). The dividend per share distributed is RON 0.1178 per share (2022: RON 0.45 per share).

**10 Income tax**

*(i) Amounts recognised in profit or loss*

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
Current tax expense	16,400	14
Deferred tax expense/(benefit)	15,154	(28,940)
<b>Total expense/(benefit) related to income tax</b>	<b>31,554</b>	<b>(28,926)</b>

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**(ii) Reconciliation of effective tax rate**

		<b>30 June 2023</b> <b>(reviewed)</b>		<b>31 December 2022</b> <b>(audited)</b>
<b>Profit/(Loss) before tax</b>		<b>137,191</b>		<b>663,923</b>
<b>Tax/(Benefit) using Company's domestic tax rate</b>	<b>16%</b>	<b>21,951</b>	<b>16%</b>	<b>106,230</b>
Non-deductible expenses	7%	9,688	4%	28,843
Non-taxable income	-1%	(939)	-3%	(22,083)
Deduction of legal reserves	-1%	(696)	-1%	(3,388)
Other tax effects	0%	42	0%	(137)
Recognition of tax effect of previously unrecognised tax losses	0%	-	-1%	(4,387)
<b>Income tax expense/(benefit)</b>	<b>22%</b>	<b>30,045</b>	<b>16%</b>	<b>105,078</b>

**(iii) Movement in deferred tax balances**

<b>30 June 2023</b>	<b>Balance at 30 June 2023</b>					
	<b>Net balance at 1 January 2023</b>	<b>Recognised in profit or loss</b>	<b>Recognised in other comprehensive income</b>	<b>Net</b>	<b>Deferred tax assets</b>	<b>Deferred tax liabilities</b>
Property, plant and equipment	36,980	(213)	-	36,767	-	36,767
Intangible assets related to concession agreements	208,016	10,702	-	218,717	-	218,717
Employee benefits	(21,101)	(1,503)	(927)	(23,531)	(23,531)	-
Impairment of trade receivables	(30,930)	6,003	-	(24,927)	(24,927)	-
Tax loss carried forward	(6,068)	(1,308)	-	(7,376)	(7,376)	-
Other items	(4,521)	1,473	-	(3,048)	(3,048)	-
<b>Tax liabilities/(assets) before set-off</b>	<b>182,376</b>	<b>15,154</b>	<b>(927)</b>	<b>196,602</b>	<b>(58,882)</b>	<b>255,484</b>
Set off of tax	-	-	-	-	34,709	(34,709)
<b>Net tax liabilities/(assets)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(24,173)</b>	<b>220,775</b>

The Group recognised a deferred tax benefit mainly from the recognition of a deferred tax asset in relation to the tax loss of 2022 incurred by Distributie Energie Electrica Romania S.A. subsidiary. The recognition was based on the latest management assumptions and judgements in which the subsidiary will generate future taxable profit in the following 7 years, against which tax losses can be used. The 7-year period is the maximum period over which the companies are allowed to recover tax losses in the current tax jurisdiction (Romania).

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30 June 2022	Balance at 30 June 2022					
	Net balance at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	39,838	(2,764)	-	37,074	-	37,074
Intangible assets related to concession agreements	187,500	6,072	-	193,572	-	193,572
Employee benefits	(23,940)	2,462	1,550	(19,928)	(19,928)	-
Impairment of trade receivables	(24,732)	1,080	-	(23,652)	(23,652)	-
Tax loss carried forward	(95,972)	(37,490)	-	(133,462)	(133,462)	-
Other items	(4,299)	1,700	-	(2,599)	(2,599)	-
<b>Tax liabilities/(assets) before set-off</b>	<b>78,395</b>	<b>(28,940)</b>	<b>1,550</b>	<b>51,005</b>	<b>(179,641)</b>	<b>230,646</b>
Set off of tax	-	-	-	-	137,188	(137,188)
<b>Net tax liabilities/(assets)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(42,453)</b>	<b>93,458</b>

**11 Trade receivables**

	30 June 2023 (reviewed)	31 December 2022 (audited)
Trade receivables, gross	3,234,225	3,118,691
Bad debt allowance	(664,687)	(652,689)
<b>Total trade receivables, net</b>	<b>2,569,538</b>	<b>2,466,002</b>

Receivables from related parties are disclosed in Note 18.

Following the adoption of the Order no. 118/2021 with subsequent amendments and GEO no. 27/2022, the latter one being amended by GEO no. 119/2022, concerning the capping and compensation mechanism, part of the receivables due to the subsidiary Electrica Furnizare S.A. for the sale of electricity and gas are against the Romanian State through National Agency for Payments and Social Inspection and Ministry of Energy.

Electricity distribution and supply

On 30 June 2023, the amounts estimated to be received from the Ministry of Energy for non-household consumers are 10,178 thousand RON (31 December 2022: 20,480 thousand RON) and 37,141 thousand RON (31 December 2022: 21,043 thousand RON) from the National Agency for Payments and Social Inspection for household consumers.

The receivables are booked under the caption "Electricity distribution and supply".

Subsidies receivable

On 30 June 2023, the amount estimated to be received from the Ministry of Energy for subsidies is 2,299,886 thousand RON (31 December 2022: 1,280,788 thousand RON), out of which 497,930 thousand RON not yet collected and related to 2022. The remaining amount of 1,801,956 thousand RON is related to subsidies from 2023 and is comprised of 1,253,439 thousand RON from uncollected requests which were submitted to the state authorities and 548,517 thousand RON from requests which were not yet submitted to the state authorities until June 30, 2023.

In accordance with the provisions of the enacted laws and regulations related to the recovery of these subsidies, the amounts should be recovered in 40 days after submitting the required documentation to the National Agency for Payments and Social Inspection or Ministry of Energy.

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

<b>Lifetime expected credit losses</b>	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
<b>Balance as at 1 January (audited)</b>	<b>652,689</b>	<b>980,858</b>
Loss allowance recognized	52,997	62,747
Loss allowance reversed	(28,746)	(12,437)
Amounts written off	(12,253)	(343)
<b>Balance as at 30 June (reviewed)</b>	<b>664,687</b>	<b>1,030,825</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 52,997 thousand.

**12 Cash and cash equivalents**

	<b>30 June 2023 (reviewed)</b>	<b>31 December 2022 (audited)</b>
Bank current accounts	126,612	141,656
Call deposits	20,608	193,219
Cash in hand	7	12
<b>Total cash and cash equivalents in the condensed consolidated statement of financial position</b>	<b>147,227</b>	<b>334,887</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 94,736 thousand in 2023 (2022: RON 53,106 thousand).

**13 Other payables**

	<b>30 June 2023 (reviewed)</b>		<b>31 December 2022 (audited)</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
VAT payable	899,545	-	565,075	-
Liabilities towards the State	22,434	-	11,733	-
Other liabilities	391,466	70,026	290,728	72,432
<b>Total</b>	<b>1,313,445</b>	<b>70,026</b>	<b>867,536</b>	<b>72,432</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.



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**14 Long-term bank borrowings**

Drawings and repayments of borrowings during the six month period ended 30 June 2023 were as follows:

	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity year</b>	<b>Amount (RON thousand)</b>
<b>Balance at 1 January 2023 (audited)</b>				<b>760,713</b>
<b>Drawings of borrowings during the period</b> , out of which:				
Eximbank Romania	RON	ROBOR 3M+1.65%	2024	245,890
BERD	RON	9.35%	2028	180,000
Vista Bank	RON	ROBOR 3M+2.95%	2024	25,000
<b>Total drawings</b>				<b>450,890</b>
Accumulated interest				11,483
Payment of interest				(9,124)
<b>Reimbursements</b> , out of which:				<b>46,457</b>
BRD	RON	3.99%	2026	10,400
BRD	RON	3.85%	2028	7,143
BRD	RON	3.85%	2028	5,710
Banca Transilvania	RON	4.59%	2027	8,929
Unicredit Bank	RON	3.85%	2026	4,800
BCR	RON	ROBOR 3M+1%	2028	9,475
<b>Balance at 30 June 2023 (reviewed)</b>				<b>1,167,505</b>

As at 30 June 2023 and 31 December 2022, the long-term bank borrowings are as follows:

<b>Lender</b>	<b>Borrower</b>	<b>Balance at 30 June 2023 (reviewed)</b>	<b>Balance at 31 December 2022 (audited)</b>
Banca Transilvania	Distributie Energie Electrica Romania (former SDEE Transilvania Sud S.A.)	71,438	80,367
UniCredit Bank	Distributie Energie Electrica Romania (former SDEE Transilvania Nord S.A.)	33,942	38,793
BRD	Distributie Energie Electrica Romania (former SDEE Muntenia Nord S.A.)	72,800	83,200
BRD	Distributie Energie Electrica Romania (former SDEE Transilvania Nord S.A.)	71,429	78,571
BRD	Distributie Energie Electrica Romania (former SDEE Transilvania Sud S.A.)	57,180	62,904
BCR	Distributie Energie Electrica Romania (former SDEE Muntenia Nord S.A.)	100,127	109,785
EBRD	Distributie Energie Electrica Romania	202,493	202,983
EBRD	Distributie Energie Electrica Romania	183,039	-
Eximbank Romania	Distributie Energie Electrica Romania	250,057	4,110
Vista Bank	Societatea Energetica Electrica S.A.	125,000	100,000
<b>Total, out of which:</b>		<b>1,167,505</b>	<b>760,713</b>
Current portion of the long-term bank borrowings		(397,111)	(104,400)
Accumulated interest		(11,483)	(9,120)
Long term borrowings		<b>758,911</b>	<b>647,193</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

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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 30.06.2027; Grace period: 12 months. As at 30 June 2023, the outstanding balance is of RON 71,438 thousand, of which RON 71,429 thousand principal and RON 9 thousand accrued interest (outstanding balance as at 31 December 2022: RON 80,367 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 30 June 2023, the outstanding balance is of RON 33,942 thousand, of which RON 33,600 thousand principal and RON 342 thousand accrued interest (outstanding balance as at 31 December 2022: RON 38,793 thousand).

*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 30 June 2023, the outstanding balance is of RON 72,800 thousand (outstanding balance as at 31 December 2022: RON 83,200 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 30 June 2023, the outstanding balance is of RON 71,429 thousand (outstanding balance as at 31 December 2022: RON 78,751 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 30 June 2023, the outstanding balance is RON 57,180 thousand, of which RON 57,143 thousand principal and RON 37 thousand accrued interest (outstanding balance as at 31 December 2022: RON 62,904 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 30 June 2023, the outstanding balance is RON 100,127 thousand, of which RON 99,486 thousand principal and RON 641 thousand accrued interest (outstanding balance as at 31 December 2022: RON 109,785

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thousand).

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

On 2 July 2021, Societatea de Distribuție 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 30 June 2023, the outstanding balance is RON 202,493 thousand, of which RON 195,136 thousand principal and RON 7,358 thousand accrued interest. The loan agreement is guaranteed by Electrica SA.

*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 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. On 30 June 2023, the outstanding balance is Nil as no withdraw was made from the loan. The loan agreement is guaranteed by Electrica SA.

*i) 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 30 June 2023, the outstanding balance is RON 250,057 thousand, of which RON 250,000 thousand principal and RON 57 thousand accrued interest (31 December 2022: 4,110 thousand). The loan benefits from a guarantee in the name and account of the state and is guaranteed by Electrica SA.

*j) 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: 100,000 thousand RON; Interest rate: ROBOR 3M +2.95 % p.a.; full refund at maturity. On 30 June 2023, the balance of the loan is 125,000 thousand RON (31 December 2022: 100,000 thousand).

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

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: agreed individually for each tranche drawn; Repayments: 14 quarterly instalments until 31.01.2028; Grace period: 18 months. As at 30 June 2023, the outstanding balance is RON 183,039 thousand, of which RON 180,000 thousand principal and RON 3,039 thousand accrued interest. 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 30 June 2023 and 31 December 2022.

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**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, Alpha Bank and UniCredit) with a total overdraft limit of up to 2,960,014 RON thousand (Total overdraft limit as at 31 December 2022: RON 2,743,542 thousand).

The overdraft facilities are used for financing activities. The outstanding balance of the overdraft facilities as at 30 June 2023 is of 2,765,499 RON thousand (31 December 2022: RON 2,571,037).

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

<b>Lender</b>	<b>Borrower</b>	<b>Balance at 30 June 2023 (reviewed)</b>	<b>Balance at 31 December 2022 (audited)</b>
ING Bank N.V	Societatea Energetica Electrica S.A.	209,289	209,138
Alpha Bank	Electrica Furnizare S.A.	136,153	147,497
BCR	Electrica Furnizare S.A.	385,420	227,311
BRD	Electrica Furnizare S.A.	215,982	216,570
Banca Transilvania	Electrica Furnizare S.A.	187,413	185,528
ING Bank N.V	Electrica Furnizare S.A.	170,217	169,600
Raiffeisen Bank	Electrica Furnizare S.A.	369,481	343,001
UniCredit Bank	Electrica Furnizare S.A.	302,216	300,294
BNP Paribas	Electrica Furnizare S.A.	29,584	-
BCR	Distributie Energie Electrica Romania S.A	195,564	208,412
Banca Transilvania	Distributie Energie Electrica Romania S.A	159,447	158,965
ING Bank N.V	Distributie Energie Electrica Romania S.A	49,830	49,855
Intesa San Paolo	Distributie Energie Electrica Romania S.A	135,575	135,096
Raiffeisen Bank	Distributie Energie Electrica Romania S.A	219,332	219,770
<b>Total</b>		<b>2,765,501</b>	<b>2,571,037</b>

**16 Provisions**

	<b>Fiscal</b>	<b>Others</b>	<b>Total provisions</b>
<b>Balance at 1 January 2023 (audited)</b>	<b>1,084</b>	<b>52,617</b>	<b>53,701</b>
Provisions recognised	-	2,355	2,355
Provisions used	-	(229)	(229)
Provisions reversed	-	(11,456)	(11,456)
<b>Balance at 30 June 2023 (reviewed)</b>	<b>1,084</b>	<b>43,287</b>	<b>44,371</b>

As at 30 June 2023 provisions mainly refer to benefits upon the termination of executive directors' mandate contracts in the form of a non-compete clause of RON 701 thousand (31 December 2022: 1,839 RON thousand) and for various claims and litigations involving the Group companies with a total amount of RON 43,670 thousand (31 December 2022: 51,862 RON thousand).

**17 Financial instruments – fair values**

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

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.

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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).

**18 Related parties**

**(a) Main shareholders**

As at 30 June 2023 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**

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
<b>Executive management compensation</b>	<b>20,426</b>	<b>18,257</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:

	<b>Six month period ended</b>	
	<b>30 June 2023 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>
<b>Members of the Board of Directors</b>	<b>2,368</b>	<b>1,879</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:

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Supplier	Purchases (excluding VAT)		Balance (including VAT)	
	Six month period ended 30 June 2023 (reviewed)	Six month period ended 30 June 2022 (reviewed)	30 June 2023 (reviewed)	31 December 2022 (audited)
OPCOM	1,443,372	1,208,099	93,275	23,981
Transelectrica	293,917	485,402	81,519	185,856
Nuclearelectrica	449,050	331,473	93,171	93,013
Complexul Energetic Oltenia	548,564	211,004	132,694	45,257
Hidroelectrica	44,497	287,156	34	42,493
OMV Petrom SA	-	-	-	26,349
Electrocentrale Bucuresti	-	181,919	-	-
ANRE	16,704	10,295	8,323	14
Transgaz	3,438	4,094	439	986
SNGN Romgaz SA	23,011	52,686	11,356	7,445
Others	3,680	3,477	1,035	1,168
<b>Total</b>	<b>2,826,233</b>	<b>2,775,605</b>	<b>421,846</b>	<b>426,562</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:

Client	Sales (excluding VAT)	Balance, gross (including VAT)	Allowance	Balance, net
	Six month period ended 30 June 2023 (reviewed)	30 June 2023 (reviewed)		
OPCOM	15,730	164	-	164
Transelectrica	75,932	7,991	-	7,991
SNGN Romgaz	20,209	(105)	9	(114)
CN Romarm	11,139	1,090	-	1,090
Hidroelectrica	133,681	29,796	-	29,796
CFR Electrificare	8,086	4,142	-	4,142
CN Remin SA	-	71,358	71,216	142
Transgaz	805	32	-	32
CET Braila	(3)	3,361	3,361	-
Termoelectrica	-	1,206	1,206	-
Oltchim	-	115,426	115,426	-
C.N.C.A.F. MINVEST SA	-	26,802	26,802	-
National Agency for Payments and Social Inspection	-	37,141	-	37,141
Ministry of Energy (*)	1,801,956	2,310,064	-	2,310,064
Others	180,794	46,861	484	46,377
<b>Total</b>	<b>2,248,329</b>	<b>2,655,329</b>	<b>218,504</b>	<b>2,436,825</b>

(\*) During the six month period ended 30 June 2023, Electrica Furnizare S.A. recognized subsidies in amount of RON 1,801,956 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.

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Client	Sales (excluding VAT)	Balance, gross (including VAT)	Allowance	Balance, net
	Six month period ended 30 June 2022 (reviewed)	31 December 2022 (reviewed)		
OPCOM	155,939	22,630	-	22,630
Transelectrica	87,884	112,754	-	112,754
Hidroelectrica	37,837	16,429	-	16,429
CN Romarm	11,064	648	0	648
SNGN Romgaz	20,644	2,253	9	2,245
Transgaz	7,953	764	0	764
CFR Electrificare	5,083	2,089	-	2,089
CN Remin SA	718	71,279	71,148	132
Oltchim	-	115,943	115,943	-
C.N.C.A.F. MINVEST SA	-	26,802	26,802	-
CET Braila	-	3,365	3,361	3
Termoelectrica	-	1,206	1,206	-
National Agency for Payments and Social Inspection	-	21,043	-	21,043
Ministry of Energy (*)	1,211,300	1,301,268	-	1,301,268
Others	21,051	11,277	522	10,754
<b>Total</b>	<b>1,559,473</b>	<b>1,709,750</b>	<b>218,991</b>	<b>1,490,759</b>

## 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.

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AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

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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 12 February 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).

**20 Subsequent events**

***Subsequent events related to the outstanding subsidies receivable***

Following the adoption of Ord. no. 30 of 10 August 2023, the Ministry of Finance is authorized to fund the account provided for in the GEO no. 27/2022 regarding some of 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 amending and supplementing certain normative acts in the field of energy, approved with amendments and completions by Law no. 206/2022, with the corresponding amounts of the solidarity contribution collected in 2023, within 3 working days from the date of entry into force of the ordinance. According to this, the Group expects an increase in the recovery rate of subsidies.

***Acquisition of shares in associates***

On 01 August 2023, the Group acquired an additional 30% of the shares and voting interests in Foton Power Energy S.R.L.. 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.

**Chief Executive Officer**  
Alexandru – Aurelian Chirita

**Chief Financial Officer**  
Stefan Alexandru Frangulea

24 August 2023



## REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders,  
Societatea Energetica Electrica S.A.

### *Introduction*

1. We have reviewed the accompanying condensed consolidated interim financial statements of Societatea Energetica Electrica S.A. (the "Company") and its subsidiaries (together "the Group") as at June 30, 2023, which comprise the condensed consolidated interim statement of financial position as at June 30, 2023, and the condensed consolidated interim statement of profit and loss, condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Ministry of Finance Order 2844/2016 with subsequent amendments. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

### *Scope of review*

2. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed consolidated interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial statements do not present fairly, in all material respects the condensed consolidated interim financial position of the Group as at June 30, 2023, and of its condensed consolidated interim financial performance and its condensed consolidated interim cash flows for the six months period then ended in accordance with Ministry of Finance Order 2844/2016 with subsequent amendments.

## *Emphasis of matter*

4. We draw attention to Note 2 which state that these condensed consolidated interim financial statements have been prepared assuming that the Group will continue as a going concern. The Group operates in the electricity distribution and supply industry which is currently affected by the ceiling laws on sales to end customers. The Romanian authorities regulatory position is under review and there may be further laws enacted which could adversely impact the Group's operating cash flows. In the forthcoming twelve months the group will need to obtain additional financing and renew its existing facilities. Given the position of the Group and its significance to the Romanian economy, management expects that all necessary financing will be made available. Our review conclusion is not modified in this respect.ok
5. We draw attention to Note 2 of the condensed consolidated interim financial statements, which describes that starting from 2022 the Group prepares two sets of consolidated financial statements, one under statutory regulations, namely Ministry of Finance Order 2844/2016 with subsequent amendments and one under International Financial Reporting Standards as adopted by the European Union ("IFRS"). These condensed consolidated interim financial statements are prepared under Ministry of Finance Order 2844/2016 with subsequent amendments, which differs from IFRS as summarized in Note 2. Consequently, these condensed consolidated interim financial statements do not comply with IFRS. Our review conclusion is not modified in this respect.

## *Other matters*

6. We draw attention to the fact that we have not audited nor reviewed the accompanying condensed consolidated statements of profit or loss and condensed consolidated statement of comprehensive income for the three months period ended June 30, 2023 and June 30, 2022 and accordingly, we do not express an opinion nor a conclusion on them.
7. This report is made solely to the Group's shareholders, as a body. Our review work has been undertaken so that we might state to the Group's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's shareholders as a body, for our review work, for this report, or for the conclusion we have formed.

On behalf of:  
Deloitte Audit S.R.L.

Răzvan Ungureanu

*For signature, please refer to the original signed Romanian version.*

Bucharest, Romania  
August 25, 2023



# **2023 HALF YEAR CONSOLIDATED DIRECTORS' REPORT (H1 2023)**

**(based on the individual and consolidated financial statements prepared in accordance with the Order of the Ministry of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards)**

**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. 14 to ASF Regulation no. 5/2018 and the Bucharest Stock Exchange Code**

**for the six months period ended 30 June 2023**

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

## Cuprins

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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:** 24 August 2023

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

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

**Phone/fax no:** 004-021-2085999/ 004-021-2085998

**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:** Order of the Ministry of Public Finance no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards

**Reporting period:** 2023 Half-year (period 1 January – 30 June 2023)

**Audit/Review:** The condensed consolidated interim financial statements as of and for the six months period ended 30 June 2023 are reviewed by an independent financial auditor.

**Table 1. Company details**

	Ordinary Shares	GDR
ISIN	ROELEACNOR5	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). In the first quarter of 2023, the Group completed the acquisition of two photovoltaic projects, with an installed capacity of 12 MWp DC (peak power at the level of the panels) and 9.75 MW AC (evacuating power in the network) and respectively with an installed capacity of 27,055 MW. On 15 May 2023, the Group 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%.

In the consolidated report of the administrators on the date and for the six-months period ending on 30 June 2023, the main events that took place during the six 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 – June 2023 (H1 2023)

**During the six months period ended 30 June 2023** the following main events took place:

#### **Main decision of ELSA's Board of Directors (BoD):**

- On 27 January 2023, ELSA's Board of Directors decided to establish a new consultative committee within its structure, the Climate Governance and Public Affairs committee.

#### **The Climate Governance and Public Affairs Committee:**

- Mr. Dragos-Valentin Neacsu – Chairman;
- Mr. George Cristodorescu – Member;
- Mr. Iulian Cristian Bosoanca – Member.

- On 27 February 2023, ELSA's Board of Directors decided to extend the duration of the mandate of Mr. Alexandru-Aurelian Chirita, as interim CEO, until 30 April 2023 (inclusively).
- Also, on 27 February, ELSA's Board of Directors decided to extend the duration of the mandate of Mr. Stefan-Alexandru Frangulea, as interim CFO, for a period of 2 years, until 27 February 2025 (inclusively).
- On 14 March 2023, ELSA's Board of Directors decided the the appointment of Ms. Ioana - Andreea Lambru, as Chief Business Development Officer (CBDO), starting with 15 March 2023, for a four-year period.
- On 26 April 2023 the Board of Directors of the Company, upon the recommendation of the Nomination and Remuneration Committee, decided to extend the term of office granted to Mr. Alexandru-Aurelian Chirita as interim General Director until 31 August 2023 (inclusively), under the same conditions.
- In the meeting of 26 April 2023, the Board of Directors of Electrica approved the consolidated value of the Investment Plan (CAPEX) of the Group for the year 2023.
- During the meeting from 15 May 2023, the Board of Directors of the Company took note of the of the ending of the mandate agreement of Mr. Cristodorescu George, BoD member.
- On 16 May 2023, Electrica's Board of Directors decided to modify as follows the composition for two of its consultative committees, for the period starting 17 May 2023 and until 31 December 2023, namely:

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

- Mr. Gicu Iorga – Chair;
- Mr. Dragos Valentin Neacsu – Member;
- Mr. Adrian-Florin Lotrean – Member;

### **The Climate Governance and Public Affairs Committee:**

- Mr. Dragos Valentin Neacsu – Chair;
- Mr. Radu Mircea Florescu – Member;
- Mr. Cristian Bosoanca – Member;

## **General Meetings of Shareholders (GMS)**

### **OGMS and EGMS from 27 April 2023**

- On 27 April 2023, the Ordinary General Meeting of Shareholders (OGMS) and the Extraordinary General Meeting of Shareholders (EGMS), which took place physically and online through the voting platform <https://electrica.voting.ro/>, with a quorum of approx. 76.8% of the total voting rights, approved mainly:
  - The separate and consolidated financial statements, drafted in accordance with OMFP 2844/2016 and IFRS-EU;
  - The total gross dividend value of RON 39,999,343, the gross dividend per share of RON 0.1178, the date of payment of the dividends for the year 2022 as 23 June 2023 and the registration date as 31 May 2023;
  - The 2023 individual and consolidated budgets;
  - A revision of the Remuneration Policy for Directors and Executive Managers;
  - The appointment of Deloitte Audit SRL as financial auditor for 3 years.

Also, the OGMS and EGMS rejected some modifications to the remuneration of the directors, the replacement of the long-term remuneration plan for executive managers within the Electrica Group from granting virtual shares (OAVT) to granting free shares, and, implicitly, the program for buyback by the Company of its own



shares.

### Other relevant events

- On 20 January 2023, the Ministry of Energy, as the concessionaire, amended the concession contract with the Electrica Group for the distribution segment to reflect that, in the event of early termination of the concession contract, for any reason, the concessionaire would reimburse the Group the current value of the costs of purchasing electricity for own technological consumption compared to the costs included in the regulated tariffs.
- On 6 February 2023, Electrica has completed the acquisition of the project company Green Energy Consultancy & Investments S.R.L., which develops the photovoltaic project "Vulturu", 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 Vulturu locality, Vrancea county. The project is in the "ready-to-build" phase.
- On 24 March 2023, Electrica completed the acquisition of the project company Sunwind Energy SRL, which develops the photovoltaic project "Satu Mare 2", with a designed installed capacity of 27.055 MW, located near Botiz locality, Satu Mare county. The project is in the "ready-to-build" phase.
- On 7 March 2023 Electrica published the consolidated annual financial statements for the year 2022, drawn up in accordance with OMFP 2844/2016, and on 27 March 2023 published the consolidated annual financial statements for the year 2022, drawn up in accordance with the International Financial Reporting Standards adopted by the European Union (IFRS-EU), as well as an announcement explaining the differences between the two sets of consolidated financial statements.
- On 31 March 2023, Electrica announced the publication in the Official Gazette no. 266 from 30 March 2023 of the ANRE Order no. 27 from 29 March 2023, through which the specific tariffs for the electricity distribution service, applicable from 1 April 2023 for Distribuție Energie Electrica România S.A. (DEER) were modified.
- On 28 April 2023, the company published the 2022 Annual Report.
- On 15 May was published the Q1 2023 condensed consolidated interim financial statements and the Board of Directors' consolidated report for Q1 2023.
- On 15 May, the Company informs its shareholders that, following the resolution of the ordinary general meeting of the shareholders dated 27 April 2023, will pay the dividends for the financial year 2022, starting with 23 June 2023.
- On 19 June, Electrica announced its shareholders and investors that its subsidiary Distribuție Energie Electrica România (DEER) has attracted EUR 57 mn. non-reimbursable financing through the Modernisation Fund.
- On 23 June, the Electrica Group informed its shareholders and investors that the 2022 Sustainability Report is available on Electrica's website.
- On 30 June, Electrica informed its shareholders that its subsidiary Distribuție Energie Electrica România (DEER) has attracted EUR 6.25 mn. non-reimbursable financing through the Modernisation Fund, the total amounts drawn, up to 30.06.2023, being EUR 64 mn.
- EFSA registers delays in collecting the amounts due from ME and ANPIS, on 30.06.2023 registering unpaid values in the amount of RON 2,299.9 mn., this generating a need for significant crediting which leads to a decrease in own profitability.

From the total amount of RON 2,299.9 mn., RON 497.9 mn. is not yet collected and related to 2022. The remaining amount of RON 1,801.9 mn. is related to subsidies from 2023 and is comprised of RON 1,253.4 mn. (ME: RON 361.4 mn. and ANPIS: RON 891.9 mn.) from uncollected requests which were submitted to the state

authorities and RON 548.5 mn. from requests which were not yet submitted to the state authorities until 30 June 2023.

In accordance with the provisions of the enacted laws and regulations related to the recovery of these subsidies, the amounts should be recovered in 40 days after submitting the required documentation to the National Agency for Payments and Social Inspection or Ministry of Energy.

## **Treasury aspects**

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

- On 9 January 2023, was signed the Additional Act no.2 to the Loan Agreement no. 2022012502 concluded by DEER and BCR which extends the validity of overdraft limit of RON 220 mn. and the validity for issuing bank guarantees until 25 January 2024.
- On 18 January 2023, was signed the Additional Act no.4 to the Loan Agreement no. 10091385 dated 16 December 2020 concluded by DEER and Banca Transilvania, which extends the validity of Overdraft limit until 01 February 2024, and the validity of the Facility for issuing letters of guarantee until 01 February 2025.
- On 23 January 2023, was signed the Additional Act no.1 to the Loan Agreement no.350 dated 06 September 2022 concluded by EFSA and Alpha Bank Romania, SE Electrica SA as guarantor, in amount of EUR 60 mn., through which is added the movable mortgage over receivables.
- On 27 January 2023, was signed the Additional Act no.5 to the Credit facility agreement no. 3189 dated 28 January 2020, concluded by SE Electrica SA and ING Bank, withing the cash pooling structure, whereby the bank provides the borrower with a credit facility in the total amount of RON 210 mn., with the validity until 27 February 2023. At the same time, additional acts for the intraday credit limit, within the cash-pooling structure, were concluded between DEER, EFSA, SERV, EEV1, SE Electrica SA and ING Bank, with validity until 27 February 2023.
- On 27 January 2023, EFSA concluded with Raiffeisen Bank, SE Electrica SA as guarantor, the Additional act no. 2 to the Loan Agreement no. 56, dated 26 October 2021, which extends the validity of the overdraft until 28 April 2023 and the validity of the facility for issuing bank guarantees until 31 December 2024.
- On 30 January 2023, EFSA concluded with Banca Transilvania, SE Electrica SA as co-debtor, the Additional Act no.3 to the Loan Agreement no.11673879/02.02.2022, in amount of RON 190 mn., which extends the validity of the facility until 30 January 2024 and changes the commercial conditions.
- On 03 February 2023, EFSA concluded with BRD the Additional Act no.2 to the Loan Agreement no. 17/8130/2022 dated 04 February 2022, SE Electrica SA as co-debtor, in amount of RON 220 mn., which extends the validity until 05 March 2023.
- On 07 February 2023 was signed the Additional Act no. 4 to the Loan Agreement no. 111 dated 16 April 2019, for credit line and issuance of bank guarantees, in amount of RON 160 mn. between SE Electrica SA, EFSA, SERV and BNP PARIBAS, which modifies the commercial conditions.
- On 17 February 2023, EFSA concluded with BNP Paribas, SE Electrica SA acting as guarantor, the Additional Act no. 1 to the Loan Agreement no. 148 dated 24 December 2021, for issuing bank guarantees, in amount of RON 220 mn., which modifies the commercial conditions and validity of the bank guarantees.
- On 17 February 2023, EFSA signed with ING Bank, SE Electrica SA acting as guarantor, the Additional Act no. 4 to the Loan Agreement no. WB/C/14 dated 18 February 2022, in amount of EUR 34.3 mn. which extends the validity until 16 March 2024.

## ELECTRICA S.A. – 2023 HALF YEAR CONSOLIDATED REPORT

- On 20 February 2023, was signed the Credit Facility Agreement no. 49183, concluded by DEER and Garanti BBVA, SE Electrica SA as guarantor, a non-cash facility for the issuance of bank guarantee in amount of RON 103 mn. and validity until 20 April 2025.
- On 27 February 2023, was signed the Additional Act no. 6 to the Credit facility agreement no. 3189 dated 28 January 2020, in amount of RON 210 mn., concluded by SE Electrica SA and ING Bank, which modifies the commercial conditions and establishes the automatic renewal of the facility. At the same time, additional acts for the intraday credit limit, within the cash-pooling structure, were concluded between DEER, EFSA, SERV, EEV1, SE Electrica SA and ING Bank, regarding the automatic renewal.
- On 03 March 2023, EFSA concluded with BRD the Additional Act no.3 to the Loan Agreement no. 17/8130/2022 dated 04 February 2022, SE Electrica SA as co-debtor (corporate guarantee), in amount of RON 220 mn., which extends the validity until 02 February 2024.
- On 13 March 2023, was signed the Additional Act no.5 to the multi-product Credit Facility Agreement no. 201910080129, for overdraft and issuance of bank guarantee letters, concluded by EFSA and BCR, which increases the value of the overdraft limit up to RON 165 mn..
- On 17 March 2023, was signed the Loan Agreement no. 53747, concluded by DEER and EBRD, SE Electrica SA as guarantor, in amount of RON 180 mn., for working capital and validity until 31 January 2028.
- On 28 March 2023, ELSA concluded with Vista Bank the Additional Act no.1 to the Loan Agreement no. FA 8376 dated 30 December 2022, which increases the value limit of the facility (overdraft and issuance of bank guarantee letters) up to RON 125 mn..
- On 11 April 2023 was signed the Additional Act no. 3 to the Loan Agreement no. 56 dated 26 October 2021, concluded by EFSA and Raiffeisen Bank SA, SE Electrica SA as guarantor, in amount of RON 150 mn., which extends the validity of overdraft limit until 28 July 2023, and the validity of the Facility for issuing letters of guarantee until 31 December 2024.
- On 13 April 2023 was signed the Additional Act no. 1 to the Loan Agreement no. 20220406018 dated 15 April 2022, concluded by EFSA and BCR, SE Electrica SA as guarantor, in amount of RON 220 mn. which extends the validity of overdraft limit until 14 April 2024, and the validity of the Facility for issuing letters of guarantee until 14 April 2025.
- On 18 May 2023 was signed the Additional Act no. 2 to the Loan Agreement no. GRIM/43778 dated 19 May 2022, concluded by EFSA and Unicredit Bank SA, SE Electrica SA as guarantor, through which the value of the loan is converted from RON to EUR 60.8 mn., extends the validity of overdraft limit until 18 May 2024, and the validity of the facility for issuing letters of guarantee until 17 May 2025.
- On 25 May 2023 was signed the Additional Act no. 1 to the Loan Agreement no. 20 dated 26 May 2022, concluded by DEER and Raiffeisen Bank SA, in amount of RON 220 mn., which extends the validity of overdraft limit until 26 July 2023.
- On 31 May 2023 was signed the Additional Act no. 6 to the Loan Agreement no. 201910080129 dated 08 October 2019, concluded by EFSA and BCR, in amount of RON 165 mn. through which modifies the commercial conditions, extends the validity of the loan until 31 May 2024 and the validity of the Facility for issuing letters of guarantee until 07 October 2025.
- On 06 June 2023 was signed the Additional Act no. 3 to the Loan Agreement no. WB/C/379 dated 25 March 2022, concluded by DEER and Ing Bank NV, SE Electrica SA as guarantor, through which the value of the overdraft limit is converted from RON to EUR 10 mn., modifies the commercial conditions, the validity of the

loan until 22 March 2024 with automatic extension for 12 months.

- On 07 June 2023 was signed the Additional Act no. 5 to the Loan Agreement no. 240PJ dated 30 June 2020, concluded by DEER and INTESA SANPAOLO, in amount of EUR 27 mn., which extends the validity of overdraft limit until 03 July 2024.

### **Intragroup loans**

- On 04 April 2023, was signed the Additional Act no. 1 to the Internal Treasury Convention dated 16 December 2020, concluded by SE Electrica SA and Electrica Energie Verde 1 SRL (EEV1), which modifies the commercial conditions.
- On 04 April 2023, was signed the Additional Act no. 3 to the Internal Treasury Convention no. 25 dated 05 February 2020, concluded by SE Electrica SA and EFSA, which modifies the commercial conditions.
- On 07 April 2023, SE Electrica SA concluded with Sunwind Energy SRL the Loan Agreement no. 36, in amount of RON 1.8 mn. and validity until 06 April 2024, for the repayment of the shareholder's loan granted to Sunwind Energy by Mr. Emanuel Muntmark and payment of the invoice related to the development services provided by Monsson Alma SRL to Sunwind Energy SRL.
- On 13 June 2023, was signed the Additional Act no. 2 to Loan Agreement no. 40 dated 14 June 2022, concluded by SE Electrica SA and Societatea New Trend Energy SRL, which extends the validity until 13 June 2024.
- On 15 June 2023, was signed the Additional Act no. 1 to the Internal Treasury Convention no. 26 dated 05 February 2020, concluded by SE Electrica SA and SERV, which modifies the commercial conditions.
- On 19 June 2023, was signed the Additional Act no. 4 to the Loan Agreement no. 68 dated 27 October 2022, concluded by SE Electrica SA and Societatea GREEN Energy Consultancy& Investments SRL, which modifies the object of the contract.
- On 30 June 2023, SE Electrica SA concluded with DEER the Contract no. 54, valid until 31 December 2024, in order for ELSA to carry out, at DEER's request, the necessary steps with UniCredit Bank, in order for the bank to issue bank guarantees in amount of RON 187 mn..
- On 30 June 2023, was signed the Additional Act no. 1 to the Internal Treasury Convention no. 22 dated 05 February 2020, concluded by SE Electrica SA and DEER (formerly SDMN), which modifies the commercial conditions.
- On 30 June 2023, was signed the Additional Act no. 1 to the Internal Treasury Convention no. 23 dated 05 February 2020, concluded by SE Electrica SA and DEER (formerly SDTS), which modifies the commercial conditions.
- On 30 June 2023, was signed the Additional Act no. 1 to the Internal Treasury Convention no. 24 dated 05 February 2020, concluded by SE Electrica SA and DEER (formerly SDTN), which modifies the commercial conditions.
- On 30 June 2023, was signed the Additional Act no. 2 to the Internal Treasury Convention no. 23 dated 05 February 2020, concluded by SE Electrica SA and DEER (formerly SDTS), which modifies the commercial conditions.

**Guarantees offered by ELSA, for its subsidiaries and other third parties****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 SE Electrica SA 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 SE Electrica SA 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 SE Electrica SA 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 SE Electrica SA 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 SE Electrica SA 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 SE Electrica SA 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 and 4, with SE Electrica SA 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 N° 93.414, concluded by DEER and BEI, in amount of EUR 90 mn., with SE Electrica SA 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, with SE Electrica SA 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 SE Electrica SA 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 and 3 with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 209 mn..

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- 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 and 3 with SE Electrica SA 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 34.3 mn., amended by Additional Act no. 1, 2, 3 and 4 with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 37.7 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 and 3 with SE Electrica SA 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 SE Electrica SA 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 with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 66.9 mn..
- On 06 September 2022, was signed the Loan Agreement no. 350, concluded by EFSA Alpha Bank, in amount of EUR 60 mn., amended by Additional Act no. 1 with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of EUR 60 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 SE Electrica SA 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., with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 264 mn..
- On 20 February 2023, was signed the Loan Agreement no. 49183 concluded by DEER and GarantiBBVA, in amount of RON 103 mn., with SE Electrica SA 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., with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 234 mn..

On 30 June 2023, the value of the corporate guarantees (which are not real guarantees), established by ELSA within the credit facilities, is RON 5,290 mn..

### Parent Corporate Guarantees

- On 01 September 2021, the Parent Corporate Guarantee in amount of RON 29 mn., amended on 04 November 2021, was established in favor of EFSA, having as beneficiary ENGIE ROMANIA SA, validity date 31 January 2024.

- On 11 November 2021, the Parent Corporate Guarantee in amount of RON 4.9 mn., was established in favor of EFSA, having as beneficiary AXPO ENERGY ROMANIA SA, in amount of RON 4.9 mn., validity date 31 January 2024.
- On 15 December 2021, the Parent Corporate Guarantee in amount of RON 14.5 mn., was established in favor of EFSA, having as beneficiary MVM PARTNER, validity date 29 February 2024.
- On 16 May 2022, the Parent Corporate Guarantee in amount of RON 14.3 mn., was established in favor of EFSA, having as beneficiary AXPO BULGARIA EAD, validity date 31 January 2024.
- On 08 September 2022, the Parent Corporate Guarantee in amount of RON 14 mn., was established in favor of EFSA, having as beneficiary BURSA ROMANA DE MARFURI, validity date 28 July 2023.
- On 14 December 2022, the Parent Corporate Guarantee in amount of RON 62.1 mn., was established in favor of EFSA, having as beneficiary COMPLEXUL ENERGETIC OLTENIA, validity date 15 February 2024.
- On 28 December 2022, the Parent Corporate Guarantee in amount of RON 118.8 mn., was established in favor of EFSA, having as beneficiary COMPLEXUL ENERGETIC OLTENIA, validity date 15 February 2024.
- On 29 December 2022, two Parent Corporate Guarantees in amount of RON 1.9 mn. each, were established in favor of EFSA, having as beneficiary BIOENERGY SUCEAVA, validity date 25 January 2024.
- On 03 January 2023, the Parent Corporate Guarantee in amount of RON 25.2 mn., was established in favor of EFSA, having as beneficiary ENERGY DISTRIBUTION SERVICES S.R.L, validity date 25 July 2023.

On 30 June 2023, the value of the Parent Corporate Guarantees (which are not real guarantees), constituted by ELSA in favor of EFSA, is RON 286.7 mn..

### Litigations

- ***Case no. 1221/1285/2022***

Following the appearance in the public space of some information regarding the submittal by Eurototal Comp SRL Bucuresti of an insolvency petition against Electrica's subsidiary, Distributie Energie Electrica Romania SA (DEER), registered on 28 December 2022 under file no. 1221/1285/2022 by the Specialized Courthouse Cluj, Electrica informs its shareholders and investors that DEER was informed about this file registration by Eurototal Comp SRL on 31 December 2022, the date on which the total invoiced balance of RON 1,255 mn. was already fully paid, the debit being thus extinguished and the request of the above-mentioned insolvency claim remaining without object.

On 02 May 2023, Cluj Court of Appeal found Eurototal Comp's recourse to be null, the decision being final.

- ***Case no. 1100/1/2023***

Societatea Energetica Electrica S.A. (ELSA) filed an annulment appeal against civil decision no. 5599 of 22 November 2022, by which the High Court of Cassation and Justice rejected the appeal declared by ELSA against Sentence no. 707/2019, pronounced by the Bucharest Court of Appeal in file no. 3889/2/2018.

The annulment appeal was registered under no. 1100/1/2023 of the High Court of Cassation and Justice, the

case being in preliminary proceedings.

The file no. 3889/2/2018 has as object the annulment of the Competition Council Decision no. 77/20.12.2017, and in the alternative, the reduction of the fine established for ELSA up to the minimum legal level of 0.5% of ELSA's turnover, by re-individualizing the alleged anti-competitive act, with the retention and full capitalization of all mitigating circumstances applicable to ELSA. By the Decision of the Competition Council no. 77/20.12.2017 was found the breaching of the provisions of art. 5 par. (1) of the Competition Law no. 21/1996 and art. 101 par. (1) TFEU by several companies which have sold meters and related measuring equipment for electricity in Romania, in the procedures for the award of supply contracts in the period from 27 November 2008 to 30 September 2015 and by Electrica, as a facilitator, in the period from 24 November 2010 to 30 September 2015. The sanction applied to Electrica consists in a fine amounting to RON 10,800,984.04 (paid by ELSA), representing 2.98% of the total turnover achieved in the financial year 2016. In determining the amount of the fine, it was taken into account that (i) Electrica cooperated fully and effectively with the Public Competition Council during the investigation procedure, outside the scope of the leniency policy and beyond the legal duty to cooperate, and (ii) it is for the very first time when the authority retains the role of facilitator for a company organizing public procurement procedures. On the merits of the case that was the subject of file 3889/2/2018, by Sentence no. 707/25.02.2019, the Bucharest Court of Appeal rejected the annulment action as unfounded, and the High Court of Cassation and Justice rejected the appeal declared by ELSA against the above sentence.

▪ ***Case no. 435/2/2019***

On 26 April 2023, the High Court of Cassation and Justice settled the appeal filed by Societatea de Distribuție a Energiei Electrice Transilvania Sud SA (at present DEER) and Electrica S.A. in the file no. 435/2/2019, by admitting it and sending the case to the same court for re-examining the main action.

The file has as object Societatea de Distribuție a Energiei Electrice Transilvania Sud SA (at present DEER) and Electrica`s request for the cancellation of the Order of ANRE President no. 199/2018 regarding the approval of specific tariffs for the electricity distribution service and the price for reactive electricity, for Societatea de Distribuție a Energiei Electrice Transilvania Sud - S.A.

The action was rejected by the trial court, Electrica and SDEETS filed an appeal against this decision.

▪ ***Case no. 7614/2/2018***

On 16 May 2023, the High Court of Cassation and Justice definitively resolved case no. 7614/2/2018 and dismissed the claim.

The file had as object the cancellation for partial revocation of the Tariff Pricing Methodology for Electricity Distribution Service, approved through the ANRE President Order no. 169/2018, as regards Art. 5 RAB definition, art. 18-19, art. 26, art. 33-34, art. 39, art. 43-44, art. 47-49, art. 54-57, art. 64, art. 67-68, art. 93-94, art. 103, art. 107, art. 126 paragraph 1, art. 129 of the Methodology approved through the Order and issuing a new Order, taking into account the observations submitted by the companies.

▪ ***Case no. 6665/3/2019***

The High Court of Cassation and Justice cancelled as unfounded the appeal declared by EFSA against civil decision no. 1492 of 07 October 2022, pronounced by the Bucharest Court of Appeal in file no. 6665/3/2019. The ruling pronounced is final.

We mentioned that the claims requested by EFSA amounted RON 6,232,398.04, representing claims according to the Decision of the Court of Accounts no. 11/2016 and the Inspection Report of the Court of Accounts no. 5799/29Nov2016 and also the legal interest namely: the amount of RON 793,234.07 representing the legal interest calculated from the date when Electrica S.A. collected the sums of money (the total amount of which



is RON 6,232,398.04) until 31 March 2019, the legal interest calculated from 31 March 2019 until the date of execution of an enforceable court decision and the legal interest calculated from the date of the enforceable court decision up to the date of effective payment by Electrica S.A. of the principals debit in the amount of RON 6,232,398.04. By the decision no. 2336 of 1 October 2021, the Bucharest Tribunal rejected as unfounded the request filed by EFSA and by the decision no. 1492 of 7 October 2022, the Bucharest Court of Appeal rejected as unfounded the appeal filed by EFSA against the decision of the Bucharest Tribunal.

## 2.2. Subsequent events

Below are presented the relevant events that took place at the Group level in the period between the closing of H1 2023 and the date of the present report.

### Decisions of the ELSA's BoD

- On 19 July 2023, Electrica's Board of Directors appointed Ms. Valentina Elena Siclovan as interim member of the BoD, starting 24 July 2023 until the next Ordinary General Meeting of Shareholders, on the position vacant since 15 May 2023.
- On 31 July 2023, the Board of Directors of Electrica decided to modify the Audit and Risk Committee component, for the period starting with 1 August 2023 and until 31 December 2023.

#### Audit and Risk Committee:

- Mr. Radu Mircea Florescu - president
- Mrs. Valentina Elena Siclovan - member
- Mr. Iulian Cristian Bosoanca - member

### General Meetings of Shareholders (GMS)

#### EGMS from 16 August 2023

- On 16 August 2023, EGMS took place physically and online through the voting platform <https://electrica.voting.ro/>, with a quorum of approx. 76.7% of the total voting rights. EGMS approved:
  - The documentation on the basis of which land ownership certificates (Romanian "CADP") are to be obtained: "Teren incinta Beius"; "Teren cladire Administrativa Oravita"; „Teren cladire Statie 110kv Otelu Rosu”.

#### EGMS from 23 August 2023

- On 4 July 2023, Electrica's Board of Directors convenes of the Extraordinary General Meeting of Shareholders of Societatea Energetica Electrica S.A. on 23 August 2023, with the main items on the agenda:
  - Approval in principle of the merger by absorption between Electrica (ELSA), Electrica Productie Energie SA (EPE), Electrica Energie Verde 1 SRL (EEV) and Green Energy Consultancy & Investments SRL (GECI), with Electrica (ELSA) as absorbing company.
  - Approval of the increase of the guarantee granted by ELSA within the nonrevolving term facility, concluded between EBRD and DEER, in order to finance the current activity, especially the purchase of the electricity necessary to cover the own technological consumption and the liquidity deficit. The amount of the credit facility will increase from RON 180,000,000 up to RON 240,000,000.
- On 16 August 2023, Electrica's Management organized the Workshop - Presentation of the merger proposed for EGMS approval on 23 August 2023.

**Other relevant events**

- On 7 July 2023, Electrica announced its shareholders and investors of the fact that, in file no. 2229/2/2017\*, the Bucharest Court of Appeal partially admitted the claim made by Electrica and partially annulled the Resolution no. 12/27.02.2017 and the Decision no. 12/27.12.2016, issued by the Romanian Court of Accounts, regarding the following deviations from the Decision (respectively to the correlative measures). The decision is subject to appeal, within 15 days from its communication.
- On 18 July 2023, Electrica informed its shareholders and investors about the regulatory news on electricity distribution - 2024 will represent a transition period from the fourth regulatory period (RP4) to the fifth regulatory period (RP5).
- On 2 August 2023, Electrica published the Interim Key Operational Indicators for Q2 2023.

**Transactions with related parties**

During 2023, until 30 June 2023, ELSA published 12 announcements, according to art. 108 of Law no. 24/2017, reporting transactions concluded in this period between EFSA - OPCOM, DEER - EFSA, EFSA - Transelectrica, DEER - OPCOM and DEER - Hidroelectrica, whose cumulated value in the case of each announcement case exceeds the threshold of 5% of ELSA's net assets, calculated on the basis of Electrica's latest available individual financial statements.

Also, on 31 January 2023, Electrica published the Auditor's report regarding the transactions reported in H2 2022 according to Art. 108 Law 24/2017 (R).

After 30 June 2023, Electrica published other 3 current reports according to art. 108 of Law no. 24/2017, reporting transactions concluded in this period between EFSA - OPCOM and DEER - EFSA.

Also, on 11 August 2023, Electrica published the Auditor's report regarding the transactions reported in H1 2023 according to Art. 108 Law 24/2017 (R).

All these announcements 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/>.

**Subsequent issues related to the Treasury****Loans related to third-parties**

- On 26 July 2023 was signed the Additional Act no. 2 to the Loan Agreement no. 20 dated 26 May 2022, concluded by DEER and Raiffeisen Bank SA, in amount of RON 220 mn., which modifies the commercial conditions and extends the validity of Overdraft limit until 25 August 2023.
- On 27 July 2023 was signed the Additional Act no. 4 to the Loan Agreement no. 56 dated 26 October 2021, concluded by EFSA and Raiffeisen Bank SA, SE Electrica SA as guarantor, in amount of RON 150 mn., which extends the validity of Overdraft limit until 28 August 2023, and the validity of the Facility for issuing letters of guarantee until 31 December 2024.
- On 04 August 2023 it was signed the Multicredit Facility Agreement no. RQ23079467247483 concluded by EFSA and CEC Bank, SE Electrica SA as guarantor, by which the Lender provides the Borrower with a multi-credit facility up to the value of RON 150 mn., as follows: a credit line valid until 03 August 2025 and a facility for issuing bank guarantees valid until 03 August 2026.

## Intragroup Loans

- On 13 July 2023, SE Electrica SA concluded with EFSA the Transaction Agreement no. 57, which regulates contractual aspects in connection with four bank guarantees for which ELSA carried out, at EFSA's request, the necessary steps with the UniCredit Bank, in order for the bank to issue the bank guarantees.
- On 13 July 2023, was signed the Additional Act no. 1 to the Contract no. 61 dated 22 September 2022, concluded by SE Electrica SA and EFSA, by which the maximum amount for which ELSA will facilitate the obtaining of bank guarantees by EFSA, is increased for a limited period (until 20 September 2023) from RON 90 mn. to RON 101 mn., and the commercial conditions are modified.
- On 14 July 2023, was signed the Additional Act no. 1 to Loan Agreement no 46 dated 15 July 2022, concluded by SE Electrica SA and Societatea Electrica Productie Energie SA, which extends the validity until 14 July 2024.

## Guarantees established by ELSA, for its subsidiaries and other third parties

### Corporate guarantees within the credit facilities

- On 04 August 2023 was signed the Multicredit Facility Agreement no. RQ23079467247483 concluded by EFSA and CEC Bank, in amount of RON 150 mn., with SE Electrica SA as guarantor (corporate guarantee). The value of the guarantee, which is not a real guarantee, is a maximum of RON 150 mn..

## Litigations

### ▪ *Case no. 2229/2/2017\**

On 6 July 2023, Bucharest Court of Appeal partially admitted the claim made by Electrica and partially annulled the Resolution no. 12/27.02.2017 and the Decision no. 12/27.12.2016, issued by the Romanian Court of Accounts, regarding the following deviations from the Decision (respectively to the correlative measures): - annulled item 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 Electrica SA level", 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); - annulled item 2 (measure II.4) - The unjustified increase in the expenses with 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 (the distribution subsidiaries); - annulled item 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, which are separate legal entities; - annulled item 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 invoiced to the subsidiaries for the recovery of the expense. The four studies are related to the electricity distribution activities carried out by the electricity distribution subsidiaries (Transilvania Sud, Muntenia Nord and Transilvania Nord), which are organized as separate legal entities, activating in a field in which the entity (Electrica) is not licensed by ANRE to carry out activities, nor does it own such electricity distribution networks; - partially annulled item 5 (measure II.7), for the rent exceeding the period 17 July 2013-01 September 2013, the measure being maintained for the rent related to 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 company housing for the benefit of the CEO, considering that the housing was not granted in accordance with the law; - annulled item 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 appraiser, for the same patrimonial elements; - annulled item 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 those of other competitors.

Also, the head of claim regarding the extension of the implementation deadlines was rejected as unfounded and it was noted that the plaintiff reserved the right to submit a separate claim for the legal expenses incurred in the case.

The file no. 2229/2/2017\* on the docket of the Bucharest Court of Appeal has as its object, mainly, the partial annulment of the Court of Accounts' Decision no. 12/27.12.2016, issued by the director of Directorate 2 within Department IV, respectively: regarding the irregularities found to be Electrica's responsibility in the contested Decision, items 1 to 8, with the consequence of removing the measures ordered in items 1, 3 to 9 inclusively; the partial cancellation of the Court of Accounts' Resolution no. 12/27.02.2017 through which Electrica's appeal against the Court of Accounts' Decision no. 12/27.12.2016 was rejected, respectively regarding the irregularities and the ordered measures, and additionally the extension with at least 12 months of the deadlines for the fulfilment of all the measures ordered to Electrica through Decision no. 12/27.12.2016.

The decision is subject to appeal, within 15 days from its communication.

### **GEO with impact on subsidies**

Following the adoption of Ordinance no. 30 of 10 August 2023, the Ministry of Finance is authorized to fund the account provided for in GEO no. 27/2022 regarding some of the measures applicable to end customers on 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, approved with modifications and additions by Law no. 206/2022, with the amounts corresponding to the solidarity contribution collected in 2023, within 3 working days from the date of entry into force of the ordinance. According to her, the Group expects an increase in the subsidy recovery rate.

### **Acquisition of shares in associated entities**

On 1 August 2023, the Group acquired another 30% of the shares and voting rights of Foton Power Energy S.R.L.. Therefore, the Group's participation increased from 30% to 60%, thus, Foton Power Energy S.R.L. is becoming a subsidiary of Electrica Group.

### **Distribution segment**

For the **distribution segment**, the significant changes in the Romanian legislation were detailed at *Appendix 11.2.1*. 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 (and not only the loans), are capitalized quarterly, RRR = 50% of the RRR applicable to each periods;

- (ii) electricity producers have the obligation to sell electricity available for delivery until 31 December 2022, through direct negotiated contracts starting on 1 September 2022, only to electricity suppliers that have final customers in their portfolio, intended exclusively for consumption to them, DO, TSO and consumers who have benefited from the provisions of GEO nr. 81/2019; GEO no. 119/2022 was approved and amended by Law 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; (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.
  - 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.
  - 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 will approve 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 is 15 August 2023.
  - OD sent to ANRE the data for monitoring the simulation of the application of binomial tariffs for the year 2022 until 31 March 2023.

- 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.
- The *Methodology for the evaluation of investments in projects of common interest* (PCI) approved by the ANRE Order no.1.2023 is modified as follows: (i) expanding the scope of the Methodology for DO investments (in addition to TSOs), (ii) granting a 1% RRR incentive for PCI, (iii) expanding the scope of the type of PCI from electric transmission networks, to: a) electrical transmission and distribution networks; b) offshore networks for energy from renewable sources; c) projects that integrate innovative technical solutions and which, although they have low capital costs, involve significant operating costs. The Methodology for establishing distribution tariffs was also modified by granting the RRR incentive of 2% for investments from EU funds only if they did not benefit from the PCI incentive.

## Investments

At the end of the first semester of 2023, the operator Distribuție Energie Electrica Romania (DEER) made and put into operation investments amounting to RON 212.4 mn., representing 28% of the value of the commissioning program planned for 2023 (RON 764 mn., of which RON 628.4 mn. plan for 2023, and RON 135.6 mn. values related to 2022 plan); RON 82.9 mn. from 2023, RON 95.2 mn. recoveries related to 2022 and RON 34.3 mn. additional works compared to the 2023 plan, resulting from legislative changes regarding the connection. For the accomplishment of some additional works compared to the plan, for the connection of the users, expenses of RON 52.4 mn. were estimated in CAPEX, taking into account the legal provision of Electricity and natural gas law no. 123/2012 with all its subsequent amendments and corrigenda, as well as the regulations for grid connection, modified by ANRE orders no. 17, 18 and 19/2022.

## Supply segment

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

In 2023, the electricity market is fully liberalized for all categories of customers and the price is set by suppliers through free market mechanisms, both for universal service offers and for offers related to the competitive market, in compliance with the legal provisions regarding capping established for period 1 November 2021-31 March 2025.

Trading on the wholesale market is carried out by concluding the following types of transactions: directly negotiated bilateral transactions, transactions concluded following auctions on organized markets, including on the electricity balancing market, electricity import and export transactions.

During the period 01 January 2023-31 March 2025, the mechanism for the centralized purchase of electricity (MACEE) was established.

Starting from 01 November 2021, against the background of the increase in the price of energy and natural gas on the international and national markets, the energy crisis, as well as the effects caused by these increases in the population, in Romania, a series of support schemes have been applied to consumers of electricity and natural gas, by establishing compensation and capping schemes between 01 November 2021 and 31 March 2025.

The following support mechanisms were implemented:

- GEO no. 118/2021, with subsequent amendments and additions - 1) compensation of household consumers for part of the electricity bill (01 November 2021 to 31 March 2022) - support measure completed but for which adjustments are being made; 2) exemption of several types of consumers from paying regulatory tariffs and other taxes/contributions (01 November 2021 to 31 January 2022) - support measure completed but for which adjustments are being made.
- GEO no. 27/2022, with subsequent amendments and additions - price capping for domestic and non-domestic consumers (01 November 2021 – 31 March 2025);

During the year 2022, with applicability in the year 2023, a series of legislative changes were made, with a significant impact on the electricity supply activity, as follows:

- Between 01 January 2023 and 31 March 2025, the capped final billed price of electricity supplied to household customers is 0.68 lei/kWh, including VAT (for certain categories of customers), 0.80 lei/kWh, including VAT, or a maximum of 1.3 lei/kWh, including VAT, depending on the actual consumption.
- Between 01 January 2023 and 31 March 2025, the final capped billed price of electricity supplied to non-household customers is 1 lei/kWh (for certain categories of customers) or a maximum of 1.3 lei/kWh, including VAT.
- Between 01 January 2023 and 31 March 2025, the Centralized Electricity Purchase Mechanism (MACEE) is 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 electric energy transport system and the operators of the electric energy 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 OPCOM's 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 mechanism for purchasing electricity). In order to carry out the transactions, OPCOM will organize an 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).

- Between 01 January 2023 and 31 March 2025, the final capped invoiced price of natural gas supplied to household customers is a maximum of 0.31 lei/kWh, including VAT.
- In the period 01 January 2023 – 31 March 2025, with regard to the price of natural gas for non-domestic customers, in addition to non-domestic customers whose annual consumption of natural gas achieved in the previous year at the place of consumption is no more than 50,000 MWh, as well as thermal energy producers are included as beneficiaries of the price capped at a maximum of 0.37 lei/kWh, including VAT, and non-domestic customers within the regulation industrial parks by Law no. 186/2013 regarding the establishment and operation of industrial parks, with subsequent amendments and additions, as well as those within the closed distribution systems defined according to Law no. 123/2012, with subsequent amendments and additions.

*Green certificates*

Electricity suppliers have the legal obligation to purchase green certificates from renewable energy producers, based on the annual targets or quotas established by law, which apply to the amount of electricity purchased and supplied to final consumers. The cost of green certificates is billed to final consumers separately from electricity tariffs.

### ***The impact of the increase in energy prices***

Starting with 1 November 2021, following the increase in the price of energy and natural gas on the international and national markets, the energy crisis, as well as the effects caused by these increases among the population, in Romania, a series of support schemes were applied to electricity and gas consumers, by establishing compensation and capping schemes between 1 November 2021 and 31 March 2025.

In 2023, 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.

## **2.3. Summary of financial indicators**

A summary of the main financial indicators is presented below:

- In the six month period ended 30 June 2023, EBITDA increased by RON 534.6 mn. as compared with the same period of 2022, recording a positive value of RON 635.9 mn. vs positive value of RON 101.3 mn. in previous year;
- The capital expenses in H1 2023 were of RON 447.5 mn., increasing by approx. 85%, compared to RON 241.9 mn. in H1 2022, in line with the annual evolution of the approved investment plans and the investment plan allocation throughout the year;
- The operating result in H1 2023 is a profit of RON 278.8 mn., recording an increase of RON 425.7 mn. as compared with the same period of the previous year, when the Group recorded an operating loss of RON 146.9 mn.. The increase was mainly due to the distribution segment, where the decrease in electricity costs to cover the NL is caused by implementation of MACEE, to which is added the performance of the electricity supply segment significantly influenced by the increase in energy costs.
- The cost of electricity purchased slightly increased by RON 3.8 mn., or 0.1%, to RON 4,941.4 mn. in the six month period ended 30 June 2023, compared to RON 4,937.6 mn. recorded in the comparative period, mainly as a result of the increase in the electricity purchase price on the supply segment by 36% to which is added the decrease in electricity costs for NL coverage for the distribution segment as a result of the implementation of MACEE;
- In H1 2023, the revenue from the electricity supply segment decreased by RON 137.8 mn. y-o-y, or 3.6%, to RON 3,694.9 mn. (out of which RON 3,666.3 mn. external revenues), mainly as a result of net effect of rising selling prices with 10% and the decrease in the volumes of electricity distributed by approx. 7%; the contribution of the electricity supply segment to the Group's consolidated revenue is in proportion of 76.3%;



- Revenue from the distribution segment increased by RON 394.3 mn., or 25.3%, to RON 1,952.4 mn. (out of which RON 1,120.6 mn. external revenues), compared to H1 2022; the contribution of the electricity distribution segment to the Group's consolidated revenue is of 23.3%.

## 2.4. Risks and uncertainties

Risks and uncertainties present on 30.06.2023 and aspects regarding the main risks and uncertainties that could affect the Group's activity and its liquidity in the next semester of 2023:

Risk description	Mitigation risk actions
<p><b><i>Ukraine Crisis</i></b></p> <ul style="list-style-type: none"> <li>On 24 February 2022, Russia invaded Ukraine, marking a sharp escalation of the Russian-Ukrainian war that began in 2014 with Russia's annexation of the Crimea peninsula. The invasion generated on the one hand a refugee crisis with the fastest growth in Europe since the Second World War, and on the other hand a global food crisis. At the same time, at the regional level, a resource crisis was created due to the imposition of a series of restrictions on the international level, Russia being an important player in the natural gas market in Europe.</li> <li>The Electrica Group does not own subsidiaries and affiliated entities on the territory of Ukraine, nor does it have any other relevant exposures in the countries directly involved in this conflict. From an operational point of view, the purchases of energy and natural gas are mainly made from the domestic market, availability, provenance and delivery of resources could be influenced by the dynamics of the conflict from region.</li> </ul>	<ul style="list-style-type: none"> <li>The management's opinion is that these risks have already materialized on the market of natural gas, electricity and petroleum products. Mitigation of the impact was possible in the supply activity through the compensation and capping measures established at the national level. In the distribution activity, the directly felt impact was visible through the price at which the electricity related to own technological consumption (NL) could be purchased. These negative influences can be maintained in the next period due to market volatility and possible future regulations with a direct impact on the Group's activity.</li> </ul>
<p><b><i>Market risk</i></b></p> <ul style="list-style-type: none"> <li>Market risk represents the risk that the change in energy and natural gas prices, the reference interest rate, such as share prices, interest rates or exchange rates, will affect the Group's income or the value of its holdings.</li> <li>In Q1 2023, the inflation rate in Romania decreased slightly from the level of 16.4% at the end of 2022 to 14.5%, the forecast for the end of H1 2023 following the same downward trend and estimating a value of 10.2%.</li> <li>At the same time, the inflation of the prices of energy goods recorded in Q1 2023 the value of</li> </ul>	<ul style="list-style-type: none"> <li>At the level of the supply activity there are implemented policies, procedures and tools for mitigating market risks to manage and control exposures on the electricity and natural gas market. With this scope, internal projects were started to review the hedging strategy, improving the ability to forecast the demand. There was taken into consideration the adequacy to the reality imposed by the specific markets during this period: the decrease in consumption combined with the increase in purchase prices.</li> </ul>

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<p>15.3%, in a significant decrease from 26.7% recorded on 31.12.2022, following a forecast on a slightly downward trend of 0.7% for the forecast at 30.06.2023.</p> <ul style="list-style-type: none"> <li>For the year 2023, the forecast maintains the same slightly downward trend.</li> </ul> <p><i>Source: <a href="https://www.bnr.ro/Proiectii-BNR-22694-mobile.aspx">https://www.bnr.ro/Proiectii-BNR-22694-mobile.aspx</a></i></p>	<ul style="list-style-type: none"> <li>Another significant risk factor in this area comes from the lack of production capacities to compensate for extreme scenarios: extremely low temperatures, drought, lack of working fronts for coal, unavailability of primary resources for renewable energy (wind, sun).</li> <li>In 2023, the company started and plans to obtain certification for the implementation of standard ISO 50001 Management Systems in Energy in order to improve the services offered and increase the efficiency of the management of resources.</li> </ul>
<b><i>Credit and counterparty risk</i></b>	
<ul style="list-style-type: none"> <li>Credit risk represents the risk of financial losses when a counterparty/client does not meet its contractual obligations to pay invoices when they are due.</li> </ul>	<ul style="list-style-type: none"> <li>The management monitors and examines the current exposure, credit limits and counterparty ratings, established provisions.</li> <li>The current market context implies a significant pressure on the ability of counterparties in the energy market to ensure delivery on time or to pay related compensations.</li> </ul>
<b><i>Liquidity risk</i></b>	
<ul style="list-style-type: none"> <li>Liquidity risk represents the risk that the Group will not be able to meet its financial obligations when they are due.</li> </ul>	<ul style="list-style-type: none"> <li>The Group's approach to liquidity management consists in ensuring a sufficient level of liquidity for the payment of due obligations, both under normal conditions and under stress conditions, through the treasury management system through cash pooling and accessing a varied range of credit lines of the type overdraft.</li> <li>Also, the pre-financing of the support scheme for the segmental supply involves a liquidity risk, including the financing of the NL price that will be recovered through future tariffs. Failure to recover these amounts from the state on time (for reasons not attributable to the group) leads to a high risk of contagion (in relation to the group's distribution activities) associated with liquidity risk.</li> <li>The group carefully monitors, through the treasury structures, the impact and effects on the companies' activity and financial results and has adequate resources to continue its operational activity.</li> </ul>
<b><i>Conformity (Legal) risk</i></b>	

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<ul style="list-style-type: none"> <li>• The energy and natural gas markets are regulated by local and European legislation.</li> <li>• These regulations may be modified or interpreted differently by the local authorities and may affect the operational profit margins of the Group.</li> <li>• This risk is also supported by the legislative history of recent years, which contains a series of laws that significantly changed energy and natural gas prices, capping elements, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• The group makes efforts to optimize operational efficiency in accordance with current and future regulations.</li> <li>• The impact of these regulations is close to the maximum range used in the evaluation with immediate consequences in profitability at the group level.</li> </ul>
<p><b><i>Operational risk</i></b></p> <ul style="list-style-type: none"> <li>• The Group may record direct or indirect losses resulting from a wide range of factors associated with processes, service providers, technology and infrastructure, and from external factors, such as regulatory or legal requirements and generally accepted standards regarding the best practices in the field.</li> <li>• Violation or failure of security and information technology systems may entail the risk of financial loss, interruption of operations or damage to the Group's reputation.</li> </ul>	<ul style="list-style-type: none"> <li>• The group have implemented an operational monitoring system, documented by policies and procedures, which ensures the escalation and remediation of potential operational problems.</li> <li>• In order to implement the best practices in the field, SE Electrica S.A. obtained in 2022 the certification for the implementation of standard ISO 27001: Information Technology, Security Techniques, Information Security Management Systems. The extension of the certification to the level of the other entities in the Group is further analyzed.</li> </ul>

Source: Electrica

## 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 2032. 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.
- **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.).
- **Electrica Productie Energie S.A. („EPE”)**, company established in 2021, with the purpose of acquisition and development of electricity generation projects from renewable sources, respectively the operation of energy generation capacities, combined with the development and operation of independent storage solutions that the company intends to develop future. On 31 March 2022, upon the recommendation of the Strategy and Corporate Governance Committee, BoD ELSA decided to reposition Electrica Energie Verde 1 SRL (EEV1) within the Group by concluding a transaction between EFSA, as the seller and sole shareholder of EEV1, and Electrica Production Energie S.A. (EPE), as a buyer. The actual transaction took place on 15 July 2022, completed by completing the legal formalities at the Trade Registry Office on 21 July 2022.
- **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 subsidiary 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

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of 59 MW, located near Satu Mare and became subsidiary on 27 May 2022 as a result of ELSA owning 60% of shares.

- **Green Energy Consultancy & Investments S.R.L. („GEC&I”)** develops the photovoltaic project „Vulturu” with a design capacity of 12 MWp DC (peak power at the panels level) and 9.75 MW AC (evacuating power in the network) located in the Vulturu village area, Vrancea county and became subsidiary on 06 September 2022 as a result of ELSA owning 75% of shares. On 06 February 2023, ELSA bought the remaining shares up to 100%.

**Table 2. ELSA’s subsidiaries**

Subsidiary	Activity	Sole registration code	Headquarters	% shareholdings as of 30 June 2023
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	Bucharest	99.9998444099934%
Electrica Serv S.A. („SERV”)	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucharest	99.99998095%
Electrica Productie Energie S.A („EPE”)	Production of electricity	44854129	Bucharest	99.9920%
Electrica Energie Verde 1 S.R.L.* („EEV1”)	Production of electricity	19157481	Bucharest	100%*
Sunwind Energy S.R.L.	Production of electricity	42910478	Bucharest	100%
New Trend Energy S.R.L. („NTE”)	Electricity generation	42921590	Constanta	60%
Green Energy Consultancy & Investments S.R.L. („GEC&I”)	Electricity generation	29172101	Bucharest	100%

Source: Electrica

\*indirect shareholding by ELSA of 100% through its subsidiaries and without any other external holdings.

As at 30 June 2023, the Company’s associates are the following:

**Table 3. ELSA’s associates**

Associate	Activity	Sole registration code	Head Office	% shareholdings as of 30 June 2023
Crucea Power Park S.R.L.	Production of electricity	25242042	Constanta	40%
Foton Power Energy S.R.L.	Production of electricity	43652555	Constanta	30%

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.

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- **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.

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

Company	Activity	Sole registration code	Head Office	% shareholding as at 30 June 2023
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	8.06%

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.

### 3.2. The main elements of the Strategic Plan for the period 2019 – 2023

Electrica Group remains dedicated to ensuring the balance between generating value for its customers and maximizing profit for shareholders, strengthening its position in the market while expanding into complementary segments, within a culture of ethics, integrity and sustainability.

Governance and investor relations remain priorities for the Group, aiming the constant improvement and the implementation of best practices in corporate governance and investor relations areas.

For the 2019-2023 period, the Group’s strategic objectives were updated in 2022 and represent the main directions to which the current activities are aligned:

- Increase in market value Electrica SA - sustainable increase in the price of electricity share and inclusion in relevant market indices (local and international);
- Business expansion in other complementary segments – electricity production, electricity storage and international expansion for production and supply areas;
- Maximization of performance in managed infrastructure – streamlining the business in the area of electricity distribution for the current regulatory period (RP4) and RP5 preparation, while optimizing the cost structure;
- Integrated leader of energy services and solutions - market strategy revised in the dynamic context of the energy sector and capitalization of client portfolio through sales of energy services with added value;
- Agilization and digital transformation of the business – increased capacity to adapt and react to the context of the sector, digital transformation of the business and capitalization of all synergies in the group.

In addition to the traditional areas of interest, namely the electricity distribution, electricity supply and natural gas and energy services, there is a high interest for the development of new activities, based on innovative technology, while continuing to monitor and analyze the opportunities for growth through mergers and acquisitions. Also, a closer relationship with the clients is pursued, based on the development of competencies, as well as on an offer of products and services in line with their needs.

In order to ensure the implementation of the strategic plan for the period 2019-2023, the company’s HR strategy aims to provide the qualified human resources, necessary to support the initiatives that ELSA has proposed for the next period, considering an emphasized dynamic of the labor market. Thus, the HR strategy aims to ensure staff to increase operational performance and achieve the strategic objectives of the Group, modernizing the organization by implementing an organizational culture having as central elements excellence and safety, for staff and

collaborators, modernizing the employer image and implementing a coherent system for performance management and employee evaluation.

Also, an important role will be played by the optimization of the IT&C support functions and alignment with industry-specific trends and solutions. In this context, beyond the processes' digitization and their integration in IT platforms, the development of smart grids, the smart meters' integration in the rhythm of their implementation plan, support for the operationalization of prosumers etc. are provided 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 Romanian distributors are critical elements supported by IT&C in order to provide strategic advantages to the Group's business segments.

The improvement of the corporate governance framework is continued, closely following the Corporate Governance Action Plan established with EBRD starting with 2014. It was approved the establishment of the Climate Governance and public Policy Committee to prepare the framework for the implementation of initiatives to help meet the EU's zero greenhouse gas emissions target by 2050 and ensure the long-term resilience of the Group's companies, from the perspective of the potential structural changes in the business environment resulting from climate change.

The realization of the strategic plan for the period 2019-2023 was significantly influenced by the fact that in the period 2020-2022 Romania was affected by the COVID19 pandemic, implicitly the energy market facing all kinds of difficulties from price anomalies, process anomalies, operational anomalies (the period in which the activity with clients was closed and/or significantly hampered by the restrictions on movement and socialization imposed) and until the period in which market regulation was restored.

### **Distribution segment**

**In the distribution segment**, the organizational transformation process, started since 2017, has been developed and implemented, through the operationalized initiatives, measures aiming the efficiency and continuous improvement of the activity.

Moreover, at the end of 2019 the implementation of the newly approved strategy at the Group level was initiated - through the perspective of the megatrends that mark the energy industry (decarbonization, decentralization, digitalization), which reveals a significant transformation process, accelerated internationally, but initiated nationally, also. The economic context at national level, which brings additional pressure on the regulated activities, and the strategic priorities assumed in the field of energy urgent the need for transformation also at the level of electricity distribution companies, these becoming one of the important pillars for the transformation of the energy system. The need and principles for transforming the business model were analyzed in detail from the perspective of several implementation scenarios - from individual optimization to the legal merger of the three distribution operators. The latter, achieved at the end of 2020, through the proposed organizational model and the initiation of the legal post-merger integration program, is likely to create the premises for compliance with the current requirements of the framework that has been in a special dynamic lately, ensuring medium-term operational efficiency, preparing the organization for the challenges related to the energy transition and capitalizing on new medium and long-term business opportunities.

The year 2022 represented the year in which the foundations of the new approach were laid in terms of reorganizing the business and organizational model, which were established - in a broad conceptual and operationalization effort - the target objectives, as well as the method and tools to be used for the current year and the next 2 years, the implementation being started in several areas: (i) the unified target organizational chart; (ii) reviewing and optimizing the processes - as a whole, but also within specific Centers of Excellence, prioritized for implementation depending on the impact in the operational area and the interaction with the client; (iii) the identification and application of those initiatives and optimization measures that would lead to the strict compliance with the targets approved by ANRE regarding the operational and personnel expenses for the distribution service; improving the model of analysis and monitoring of the results obtained compared to the established targets, with the application

of a more agile approach (iv) IT&C technology area - with a decisive role in transforming the company, as a whole and in implementing all defined projects, as part of the program.

Following the application, starting with 1st January 2022, of the new unified target organization chart, through which all structures in the area of strategic activities (asset management, energy management, integration program management, IT&C, strategic project management), financial and support were reunited under a unique coordination at the level of the company resulting from the merger - Distribuție Energie Electrica România SA (DEER), in the coming years will continue the process of adaptation and continuous technology improvement of processes and support, as defined by the approved Strategy for the distribution segment.

The geopolitical crisis of 2022, generated by the invasion of Ukraine by Russia, which led to the sharp increase in energy prices both in Romania and in other European countries, brought into attention the need to reduce own technological consumption, streamlining operational costs and providing sources of financing for future investments.

In the same context, in response to the difficulties and disruptions in the global energy market, the European Commission developed in March 2022 the REPowerEU Plan for energy saving, clean energy production and diversification of energy sources, supported by financial and legal measures to build the new infrastructure and energy system Europe needs. Following the policies developed at the European Union level, for the next period, an increase in production from renewable sources is expected, including the number of prosumers, the development of electric transport, the introduction of flexibility services, which make it necessary to increase the investments for modernization, automation and digitalization of distribution networks.

For financing investments in the distribution segment, both own sources and European funding programs will be used, which are opportunities for modernizing networks and transforming them into smart networks, this will be reflected both in improving network resilience and in increasing operational efficiency.

### **Supply segment**

In 2022, the strategy of the previous year was preserved, the company focused on increasing the profitability of the client portfolio by developing specific measures to increase customer satisfaction through portfolio restructuring and through competitive and dynamic purchasing strategies in the context of a volatile and unpredictable energy market. The traditional electricity supply offer has also been complemented with combined electricity – gas and value-added services packages.

In 2023, EFSA will continue to implement the measures identified to transform the company into an organization capable of successfully responding to current and future energy market challenges including improving the financial situation, improving the NPS, defining a competitive trade program, improving positioning and transforming the organization into a supple and agile one.

Also, within the priority measures of modernization and adaptation of internal information systems we will continue the preparation of the transition to the SAP ISU system, as well as the preparation of data migration, so that in 2023-2024 the implementation of the SAP ISU system was carried out.

Another priority area was digitization, in the sense that the number of electronic invoices issued to customers increased from 164,664 on 01.01.2019 to 1,048,057 on 30.06.2023, a significant increase, which in the future will lead to a significant reduction in costs and a better relationship with the customer, but, on the other hand, it also creates a risk, in the case of the possibility of a faster migration of a customer to another electricity supplier.

### **Services segment**

The plan for the next period contains an in-depth multicriteria analysis of the company's activities and highlights the underlying causes of the deteriorating financial situation. The measures included in the recovery plan aim at aligning costs with revenues, returning the company to positive financial results and staff restructuring, with the ultimate goal of increasing labor productivity by eliminating production flow dysfunctions and redundancies in the



decision-making process. The recovery plan also overviews the strategic repositioning of the company by developing and consolidating new activities that will serve both the companies within the Group and companies outside it.

The main directions for the development of the SERV are:

- restoring the operational staff structure and redefining priorities on business lines;
- reduction of general administration expenses, production costs, material, service and labor costs;
- continue to implement the plan for the recovery of unused assets;
- significantly improving the way assets are managed, by renting or selling “non-essential”/“non-core” assets;
- continue the development with EFSA of projects for the execution of new activities: Installation of B2B/B2C photovoltaic plants, reactive energy compensation, electricity supply stations, smart metering solutions;
- creation of a structure of qualified personnel for the construction works installation of photovoltaic power plants,
- reducing additional labor costs by distributing existing staff correctly and efficiently;
- efficiency of maintenance works and compliance with the conditions imposed so that the result leads to “zero penalties”.

### Electricity production segment

The Group wants to develop a portfolio of electricity production capacities from renewable sources (wind and photovoltaic) with a cumulative capacity of 400 MW, in parallel with electricity storage capacities with a installed capacity up to 100 MW.

As of 30.06.2023, the Group had the following projects under development:

- a. Projects at the ready-to-build stage, for which the development activity has been completed and the competitive selection of EPC contractors is in the process of starting, in order to contract and start the construction phase:
  - Vulturul Project (SPV: Green Energy Consultancy & Investments S.R.L.) – photovoltaic park of 12 MWp;
  - Satu Mare 2 Project (SPV: Sunwind Energy SRL) - photovoltaic park of 27 MWp;
- b. Projects under development to reach the ready-to-build stage:
  - Satu Mare 3 Project (SPV: New Trend Energy SRL) - photovoltaic park of 59\* MWp;
  - Crucea Est Project (SPV: Crucea Power Park SRL) – wind park of 121\* MWp provided with an on-site storage capacity of 60 MWh;
  - Bihor 1 Project (SPV: Foton Power Energy SRL) - photovoltaic park of 77\* MWp.
- c. Total installed power for projects developed and under development: 296\* MW.

*\* The powers installed for the projects under development may undergo changes that could result from the authorization process specific to the power production capacities.*

## 3.3. Key information by segments

### Supply segment

#### Market data (according to ANRE Report for April 2023)

- The supply market consists of the competitive segment, universal service (US) and last resort service segment (LRS);
- The competitive segment includes 84 suppliers (including those of last resort with activity on the competitive segment of the retail market), of which 77 are relatively small (<4% market share).

In April 2023, EFSA is the market leader with a share of 17.79%; in the competitive market with a share of 10.43% (according to ANRE report April 2023). In comparison, in 2022, EFSA had a market share in the total electricity

market of 17.96%; LR market share of 31.21% and a competitive market share of 12.79% (ANRE report for December 2022).

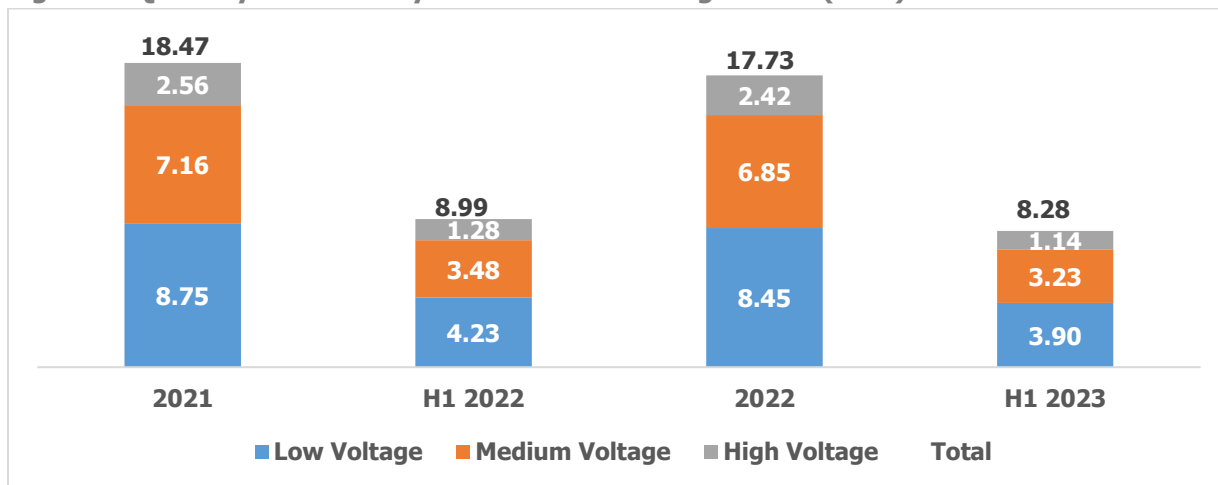
As of 30 April, the Group had supplied 3.9 TWh of electricity to approximately 3.5 million consumption places (both universal service and last resort, as well as on the competitive market), representing a decrease of 6.84% compared to the same period last year.

**Distribution segment**

**Information for the period ended 30 June 2023**

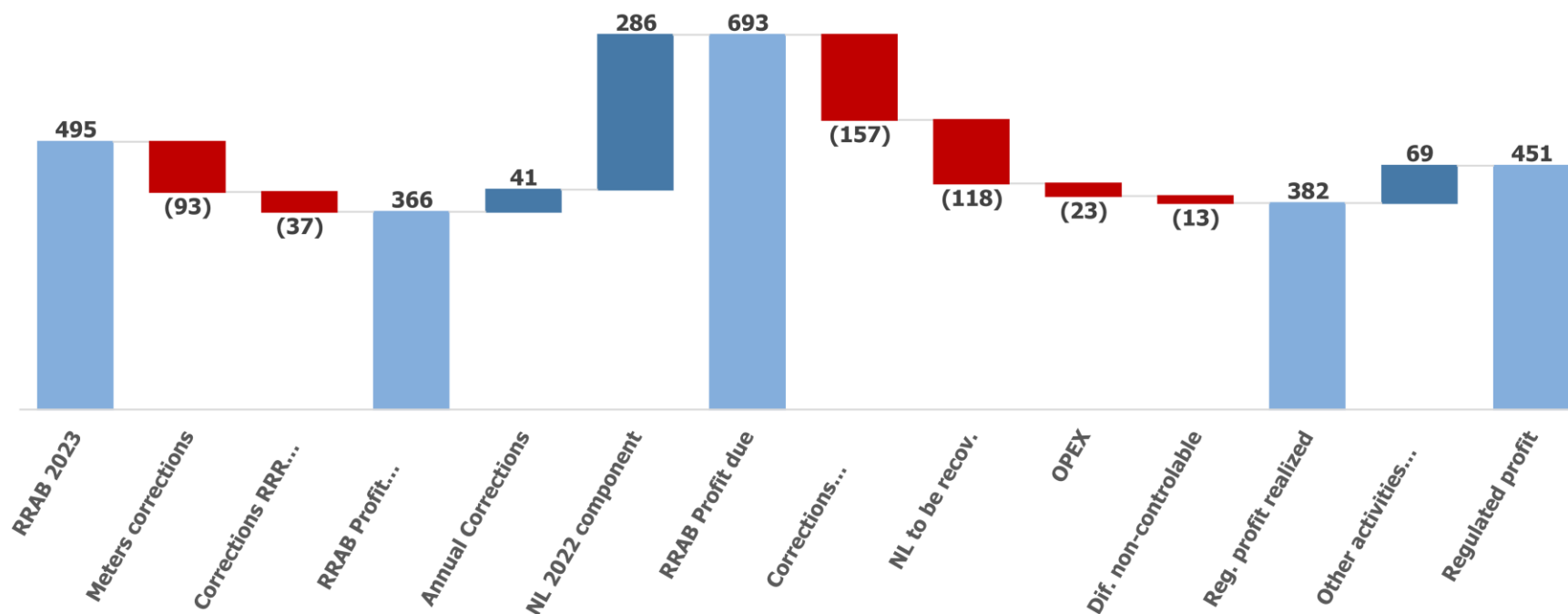
- The estimated Regulated Assets Base (RAB), in nominal terms, with inflation of 13.69% for the year 2023, estimated at the end of the first semester of the year 2023 was RON 6.9 bn., without inflation being RON 6.1 bn..
- 202,537 km of electric lines – 7,603 km for High Voltage (“HV”), 46,693 km for Medium Voltage (“MV”) and 148,214 km for Low Voltage (“LV”)
- Total area covered: 97.196 km<sup>2</sup>, 40.7% of Romania’s territory
- 3.9 mn. users for the distribution activity
- 8.28 TWh of electricity distributed in the first semester of the year 2023, a decrease of 7.9% as compared to the first semester of the year 2022.

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



Source: Electrica

Figure 2: RRAB analysis of the distribution segment result for the year 2023 (RON mn.)



Source: Electrica

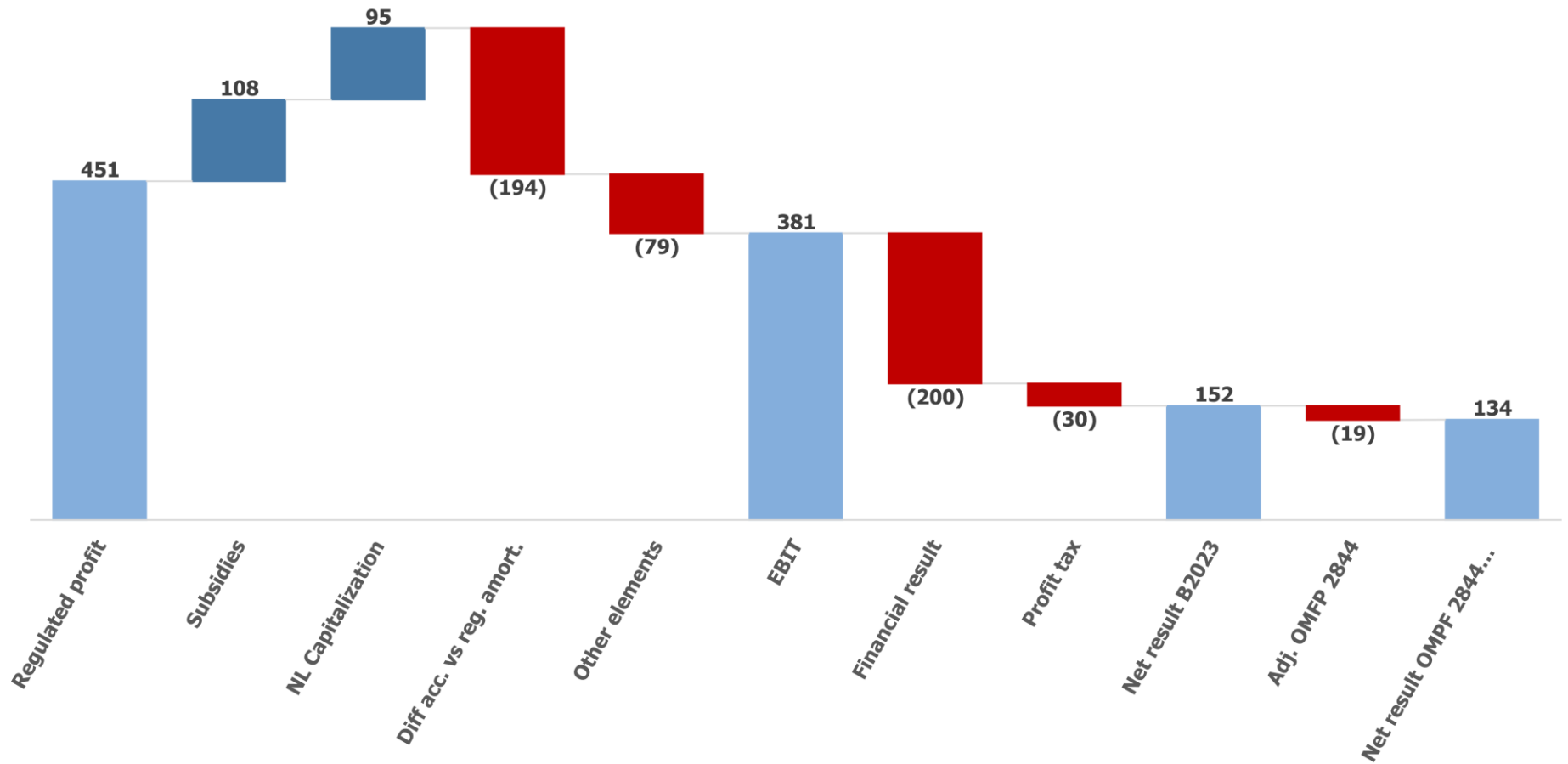
\*The corrections for 2022 have not yet been approved by ANRE, they will be reflected in the 2024 tariffs

### Relevant regulatory issues:

- At the beginning of the current PR4 regulatory period, ANRE made a total negative correction to close PR3 in the amount of RON (855) mn. (nominal terms), respectively RON (665) mn. (2018 terms), of which RON (341) mn. (2018 terms) for meters recognized as investments in PR2 (2008-2013). The meter correction was challenged in court by the distribution branch of the Electrica Group, because in 2013, ANRE recognized the meters in RAB based on the principle of non-discrimination of all distribution operators, although they were not registered as fixed assets. The total negative correction related to PR3 decreased the regulated profitability related to PR4, with an average annual value of RON (171) mn. (nominal terms).
- RON 451 mn., regulated result includes a negative deviation of the NL cost of RON 118 mn. (calculated for the quantity of 1,884 GWh and the price difference of 63 RON/MWh (533 RON approved and 596 RON budgeted)).

## ELECTRICA S.A. – 2023 HALF YEAR CONSOLIDATED REPORT

Figure 3: Analysis of regulated profit - OMFP 2844 budgeted result for the distribution segment for the year 2023 (RON mn.)

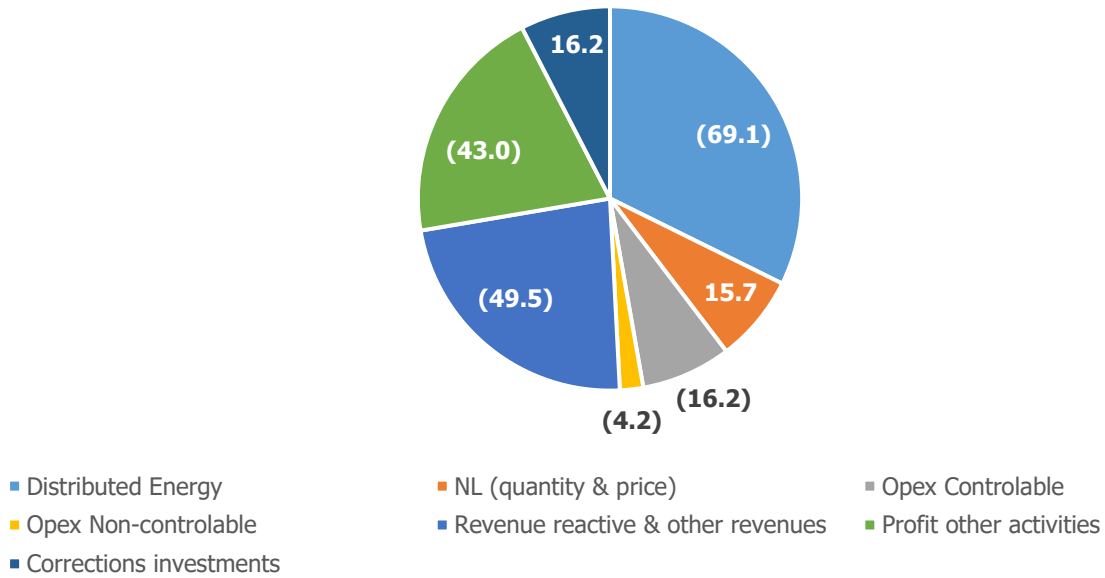


Source: Electrica

The corrections approved by ANRE that affect the tariffs for the year 2023 are positive in the amount of RON 290 mn., of which the negative corrections related to the year 2021 of RON 150 mn. are reflected by components in the graph below:

**Figure 4: Corrections approved by ANRE that affect the tariffs for the year 2023 (RON mn.)**

**Negative corrections of RON 150 mn. related to 2021**



Source: Electrica

To the negative corrections related to the year 2021, are added the positive corrections of RON 154 mn. related to the years 2022 and 2023, but also the positive correction of RON 286 mn. related to the component for the additional cost of NL capitalized in the year 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 Depositary 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 30 June 2023, 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	17,355,272	5.0096%	5.1112%
Electrica SA	6,890,593	1.9890%	-
BNY MELLON DRS, New York, USA	2,146,952	0.6197%	0.6323%
Other legal entities*	130,961,779	37.8018%	38.5689%
Individuals	20,042,702	5.7853%	5.9027%
<b>TOTAL</b>	<b>346,443,597</b>	<b>100.0000%</b>	<b>100.0000%</b>

Source: Central Depository, Electrica

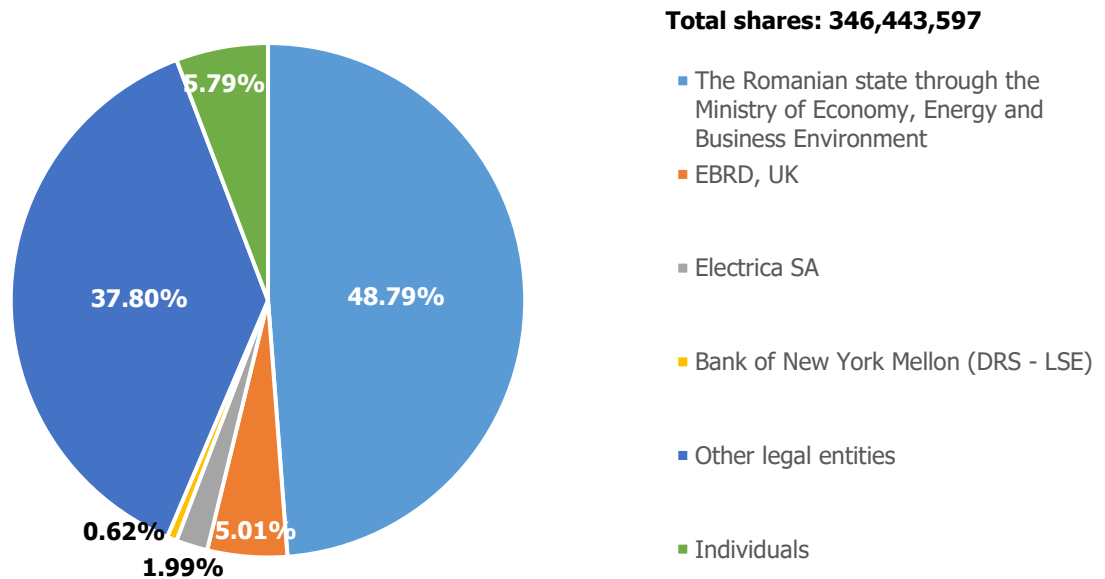
Note 1: Shares with voting rights - 339,553,004, representing the total number of shares (346,443,597) without the number of own shares held by Electrica (6,890,593), for which the voting right is suspended

\* 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 depositary receipts (GDRs) owned by ELSA shareholders that are traded on the London Stock Exchange (LSE). A global depositary receipt represents four shares. The Bank of New York Mellon is the depositary 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 30 June 2023



Source: Central Depository, Electrifica

At the end of June 2023, ELSA's shares were owned by a total of 12,733 shareholders, of which 264 legal entities and 12,469 individuals from 30 countries. 91.34% of the total number of shares (316,433,340 shares) were owned by investors with residence in Romania. Thus, foreign shareholders held 8.66% of the share capital (30,010,257 shares), the largest weight being represented by European citizens. Shareholders in the United Kingdom and Ireland held 5.11% of share capital, while those in the USA held 1.11%, 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	30 June 2023 (reviewed)	30 June 2022 (reviewed)	Variation (abs)
Revenues	4,807.5	4,628.8	178.7
Other income	1,874.8	1,304.3	570.5
Capitalised costs of intangible non-current assets	56.3	-	56.3
Electricity and natural gas purchased	(4,941.4)	(4,937.6)	(3.8)
Construction costs related to concession agreements	(423.9)	(228.8)	(195.1)
Employee benefits	(451.5)	(389.4)	(62.1)
Repairs, maintenance and materials	(49.8)	(36.1)	(13.7)
Depreciation and amortization	(357.2)	(248.2)	(109.0)
Impairment loss on trade and other receivables, net	(24.3)	(50.0)	25.7
Other operating expenses	(211.6)	(189.9)	(21.7)
<b>Operating result</b>	<b>278.8</b>	<b>(146.9)</b>	<b>425.7</b>
Finance income	11.4	2.3	9.1
Finance costs	(153.0)	(59.8)	(93.2)
<b>Net finance cost</b>	<b>(141.6)</b>	<b>(57.5)</b>	<b>(84.1)</b>
Share of the result of the associates	0	0	-
<b>Result before tax</b>	<b>137.2</b>	<b>(204.4)</b>	<b>341.6</b>
Income tax benefit/(expense)	(31.6)	28.9	(60.5)
<b>Net result</b>	<b>105.6</b>	<b>(175.5)</b>	<b>281.1</b>

Source: Electrica

### Key financial indicators for the period ended 30 June 2023:

- **Revenues: RON 4.8 bn.**, increase of RON 178.7 mn. as compared with H1 2022;
- **EBITDA: RON 635.9 mn.**, a RON 534.6 mn. increase compared to same period of last year;
- **EBIT: RON 278.8 mn.**, a RON 425.7 mn. increase compared to H1 2022;
- **EBT: RON 137.2 mn.**, improved by RON 341.6 mn. compared with H1 2022;
- **Net result:** profit of **RON 105.6 mn.**, a RON 281.1 mn. y-o-y increase.

### Revenues and other income

Electrica's revenues and other income for the six months period ended 30 June 2023 and 30 June 2022 amounted to RON 6,682.3 mn. and RON 5,933.1 mn., respectively, representing an increase of approx. RON 749.2 mn., or



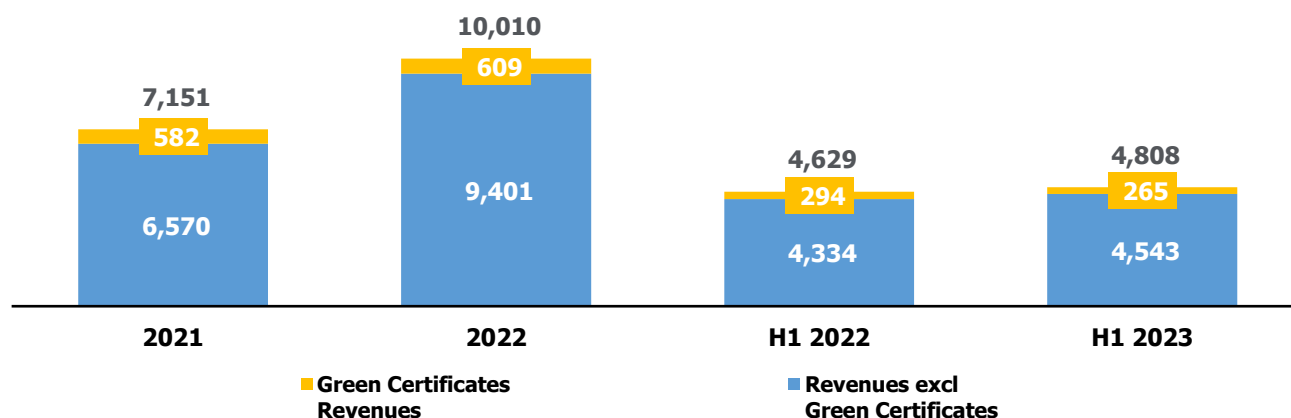
12.6%; the variation is generated mainly by the operating income evolution, mainly subsidies (represent values to be recovered as a result of the application of the capping of electricity prices) recognized by EFSA. Other operating income registered in H1 2023 compared to H1 2022, an increase of RON 570.5 mn., of which RON 590.7 mn., recoverable subsidies from the Ministry of Energy, as a result of the application of the mechanism for capping energy prices electricity and natural gas approved by Order no. 119/2022 (which amended the Order no. 118/2021 and Order no. 27/2022).

Starting with 01 November 2021, against the background of the increase in the price of energy and natural gas on the international and national markets, the energy crisis, as well as the effects caused by these increases in the population, in Romania, a series of support schemes have been applied to consumers of electricity and gas, by establishing compensation and capping schemes between 01 November 2021 and 31 March 2025.

During 2023, a series of legislative changes were made, with a significant impact on the electricity supply activity, as follows:

- Price capping for domestic and non-domestic consumers (01 November 2021 – 31 March 2025). The compensated amounts will be received from the National Agency for Payments and Social Inspection for household consumers and a from the Ministry of Energy for non-household consumers.
- Limiting the average purchase price considered for determining the amounts to be recovered from the state budget to 1,300 RON/MWh; with the exception of the purchase intended for supply as a last resort, where this limitation does not apply;
- Limitation of the allowed supply component to:
  - Electricity - SoLR ("Supplier of last resort") 80 lei/MWh and Non SoLR 73 lei/MWh;
  - Natural gas – SoLR 13.5 lei/MWh and non SoLR 12 lei/MWh;
- Contribution to the Energy Transition Fund for suppliers who carry out trading activity and aggregators who trade quantities of electricity and/or natural gas on the wholesale market = (Average sale price – Average purchase price x 1.02) x Quantity delivered monthly;
- The obligation of natural gas producers to sell at the price of 150 RON/MWh the quantities necessary to supply household customers/heat energy producers;
- Obligation to store natural gas underground of a minimum stock of natural gas at the level of 90% of the storage capacity of the warehouses. The minimum stock of natural gas for each supplier is determined according to the weight of the quantity of each supplier in the total quantity estimated at the national level (ANRE Order 10/2023).

Following the adoption of Ordinance no. 30 of 10 August 2023, the Ministry of Finance is authorized to fund the account provided for in GEO no. 27/2022 regarding some of the measures applicable to end customers on 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, approved with modifications and additions by Law no. 206/2022, with the amounts corresponding to the solidarity contribution collected in 2023, within 3 working days from the date of entry into force of the ordinance. According to it, the Group expects an increase in the subsidy recovery rate.

**Revenues****Figure 6: Revenue for H1 2023 and comparative information (RON mn.)**

Source: Electrica

The revenues increased by RON 178.7 mn., or 3.9%, being the net effect of the following main factors:

- decrease of RON 137.8 mn. on the supply segment;
- internal revenue (from the Group): the Group's revenues increased by RON 101.4 mn.;
- RON 394.3 mn. increase of the distribution segment's revenues;
- increase of RON 27.3 mn. on the services segment;
- decrease of RON 3.7 mn. on the production segment.

During the six months period ended 30 June 2023, revenues from the electricity distribution segment increased by approx. RON 394.3 mn., or 25.3%, to RON 1,952.4 mn., from RON 1,558.1 mn. in the same period of the previous year, as a result of the following factors:

- favorable impact of approx. RON 193.3 mn., mainly from the rise in the distribution tariffs by an average of 20%, compared to H1 2022, positive effect reduced by the decrease in the volumes of electricity distributed by approx. 8%;
- 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 H1 2023 by RON 201.0 mn., compared to the same period last year.

As a result of ANRE ord. no 27/2023, starting with Q2 2023, distribution tariffs will be higher by approx. 20% (26.1% in the MN area, 21.5% in the TN area and 10.9% in the TS area); compared to the same period of the previous year, implicitly the revenues from electricity distribution will be higher, with a favorable impact on the operational performance for the distribution segment. The tariffs applicable starting with 01 April 2023 will not change until 31 December 2023.

Also, at the beginning of the current PR4 regulatory period, ANRE made a total negative correction to close PR3 in the amount of RON (855) mn. (nominal terms), respectively RON (665) mn. (2018 terms), of which RON (341) mn. (2018 terms) for meters recognized as investments in PR2 (2008-2013). The meter correction was challenged in court by the distribution branch of the Electrica Group, because in 2013, ANRE recognized the meters in RAB based on the principle of non-discrimination of all distribution operators, although they were not registered as fixed assets.

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The total negative correction related to PR3 decreased the regulated profitability related to PR4, with an average annual value of RON (171) mn. (nominal terms).

Regarding the supply segment, the revenue from the electricity supply and natural gas decreased by RON 137.8 mn., or 3.6%, to RON 3,694.9 mn., from RON 3,832.7 mn. in H1 2022.

The variation of the supply segment revenue is mainly driven by the net effect between the 10% retail sale price increase in the retail market and the 7% fall in the volumes of electricity supplied on the retail market.

The green certificates value included in final consumer invoice, set by ANRE, decreased from RON 72.54/MWh in H1 2022 to RON 71.68/MWh in H1 2023.

### Electricity and gas purchased

In H1 2023, the expense for electricity and gas purchased increased by RON 3.8 mn., or 0.1%, to RON 4,941.4 mn., from RON 4,937.6 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 as a result of the legislative changes of 2022 by which the mechanism for the centralized purchase of electricity was established, and OPCOM was designated as the sole purchaser.

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

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

Six month period ending 30 June (RON mn)	2023	2022	%
Electricity purchased to cover network losses	601.7	1,121.9	-46.4%
Electricity and gas purchased for supply	3,939.0	3,382.1	16.5%
Transmission and system services related to supply activity	135.8	138.6	-2.0%
Green Certificates	264.9	294.5	-10.0%
<b>Total electricity purchased</b>	<b>4,941.4</b>	<b>4,937.6</b>	<b>0.1%</b>

Source: Electrica

The cost of the electricity purchased for supply (including transmission and system services) increased by RON 524.6 mn., or 13.8%, to RON 4,339.7 mn. in H1 2023, from RON 3,815.2 mn. recorded in H1 2022.

Following the overtaxation of energy producers and the redirection to the Energy Transition Fund of 98% of the profit obtained from the resale of energy in the wholesale market by suppliers/traders, the purchase price on the Day-Ahead Market (DAM) recorded a decrease in H1 2023 by approximately 49% compared to the similar period of 2022, maintaining the same downward trend in the following period as well.

In 2021, after the complete liberalization of the energy market, the purchase prices were approximately the same both on the competitive segment and on the universal service and SoLR segment. The acquisition market registered since the end of March 2021, significant increases, manifested at international level and determined by the international economic and political context. Thus, the growth registered in the acquisition market was transferred to the final clients, within the limits allowed by the legislation in force and by the contracts concluded with the final client.

It should be noted that energy suppliers are unable to terminate existing contracts according to the Law on Electricity and Natural Gas no. 123/2012, based on Article 57.

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 2023**, the cost of GC acquisition decreased by RON 41,884 mn. (decrease from RON 151,823 mn. to RON 109,939 mn.), respectively a decrease of 27.59% compared to the same period of 2022.

This variation was determined by the following:

- the decrease of the quota estimated by ANRE for the acquisition of GC of 1.4% (from 0.5014313 GC/MWh in 2022, to 0.4943963 GC/MWh in 2023).
- the decrease by 26.81% of the amount of electricity invoiced, used at the rate of the first quarter of 2023 (the electricity invoiced in the first quarter of 2022 was 2,096,279.108 MWh, while the one invoiced in the first quarter of 2023 was 1,534,352.425 MWh).

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 **second quarter of 2023**, the cost of GC acquisition increased by RON 21,276 mn. (increase from RON 144,190 mn. to RON 165,466 mn.), respectively an increase of 14.76% compared to the same period of 2022.

This variation was determined by the following:

- the increase by 16.13% of the amount of electricity invoiced, used at the rate of the second quarter of 2023 (the electricity invoiced in the second quarter of 2022 was 1,987,819.257 MWh, while the one invoiced in the second quarter of 2023 was 2,308,386.722 MWh).

Regarding the distribution segment, in the six months period ended 30 June 2023, the cost of the electricity purchased to cover network losses decreased by RON 520.3 mn., or 46.4%, to RON 601.7 mn., from RON 1,121.9 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 532.8 mn.) and higher volumes of electricity needed to cover network losses (negative impact of RON 12.6 mn.).

Starting with 2022, according to GEO no. 119/2022, the additional costs of the purchase of electricity (determined as the difference between the realized costs and the costs included in the approved distribution tariffs), realized between 01 January 2022 – 31 March 2025, compared to the costs included in the regulated tariffs, are capitalized quarterly and are 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 the Emergency Ordinance no. 153/2022, between 01 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 buy from OPCOM through an annual/monthly mechanism 75% of the quantity forecasted and validated by ANRE at the price of 450 lei/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 lei/MWh.

### Construction costs

In H1 2023, the expenses with the construction of the electrical networks in connection with the concession contracts increased by RON 195.1 mn., or 85.3%, to RON 423.9 mn., from RON 228.8 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 62.1 mn., or 15.9%, to RON 451.5 mn. in H1 2023, from RON 389.4 mn. in H1 2022, determined mainly from the increase of benefits negotiated through CCM.

### Repairs, maintenance and materials

In H1 2023, the expenses with repairs, maintenance and materials recorded an increase of RON 13.7 mn., compared with the same period of the previous year, both from the distribution segment, and from the increase of the expenses with the materials necessary for the new activities carried out by the energy services company (RON 12.3 mn.).

### Other operating expenses

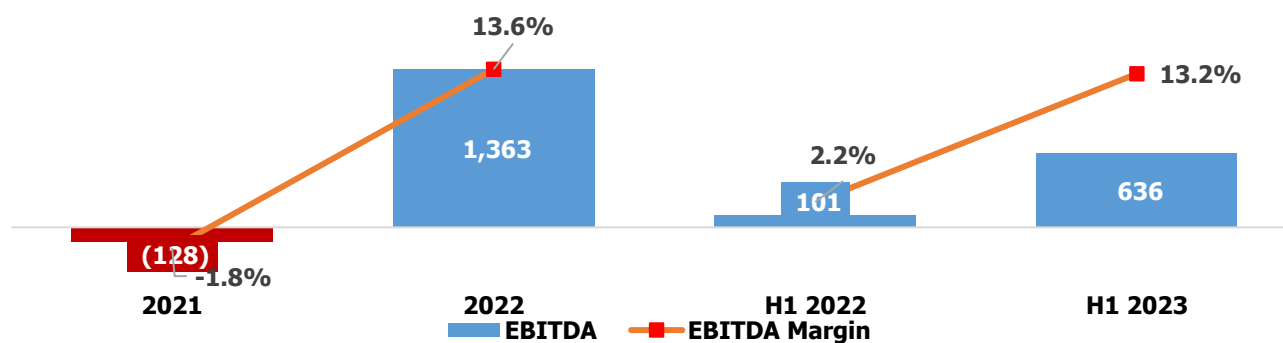
In the first six months of 2023, the other operating expenses increased by RON 21.7 mn., or 11.4%, to RON 211.6 mn., from RON 189.9 mn. in the same period of 2022, mainly from:

- the favorable effect of the net change in provisions, of approx. RON 11.5 mn.;
- higher operating expenses by RON 33.2 mn., especially on the supply segment.

### EBITDA and EBITDA margin

The group's EBITDA increased by approx. RON 534.6 mn. compared to the same period of the previous year, having a positive evolution from RON 101.3 mn. in 2022 to RON 635.9 mn. in 2023.

Figure 7: EBITDA and EBITDA margin for H1 2023 and comparative information (RON mn. and %)



Source: Electrica

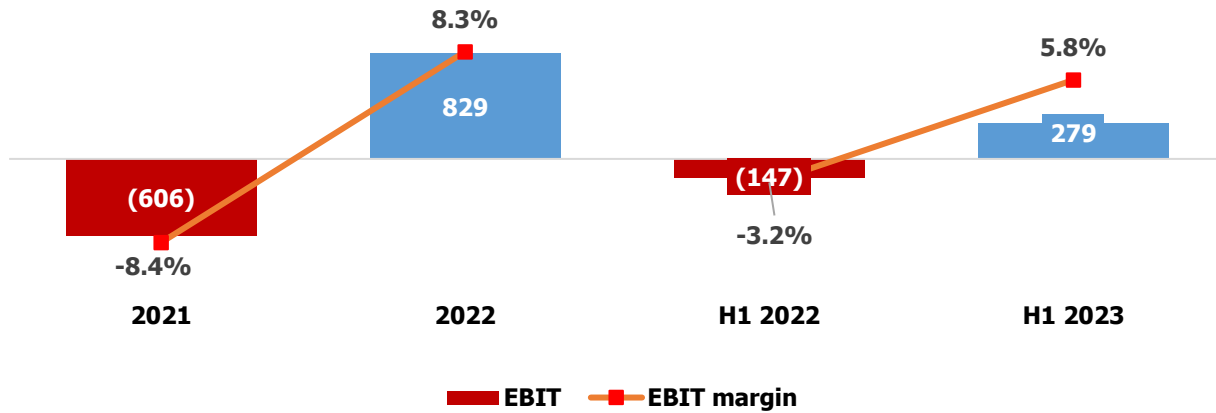
### Operating result

The Group operating result (EBIT) increased by approx. RON 425.7 mn. y-o-y, the positive evolution of EBIT is generated by the increase in revenues being mainly alleviated by the increase of depreciation expense by RON

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109.0 mn., or 43.9% (of which RON 100.0 mn. representing the depreciation related to capitalized assets for NL 2022 and 2023).

**Figure 8: EBIT and EBIT margin for H1 2023 and comparative information (RON mn. and %)**



Source: Electrica

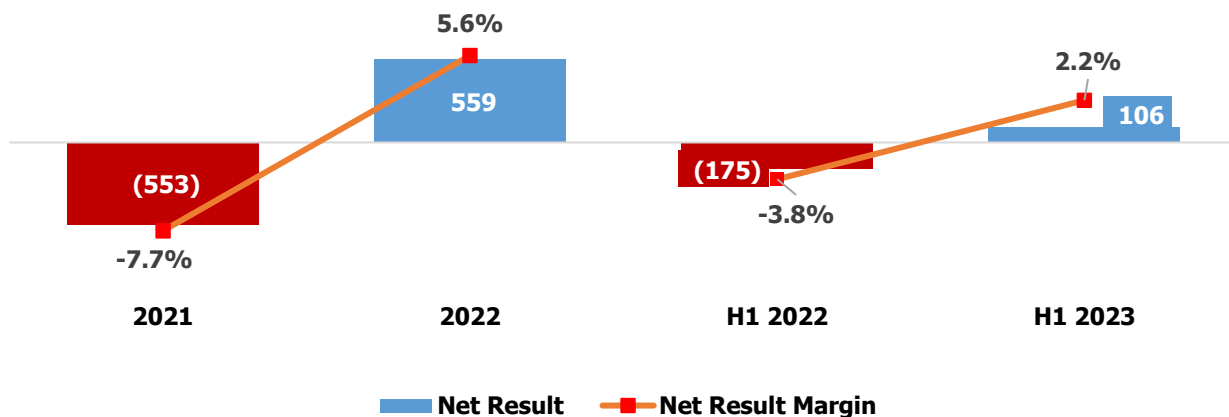
### Net finance cost

The net finance cost at group level decreased by RON 84.1 mn. in H1 2023 compared to the similar period in 2022, mainly as a result of the increase of finance expenses of RON 93.2 mn. related to loans for pre-financing the support scheme for electricity and natural gas consumers established by GEO no. 119/2022.

### Net result for the period

As a result of the above described factors, in the six months period ended 30 June 2023, the net result increased by RON 281.1 mn., to RON 105.6 mn. (profit), from RON -175.5 mn. (loss) as compared with the similar period from previous year.

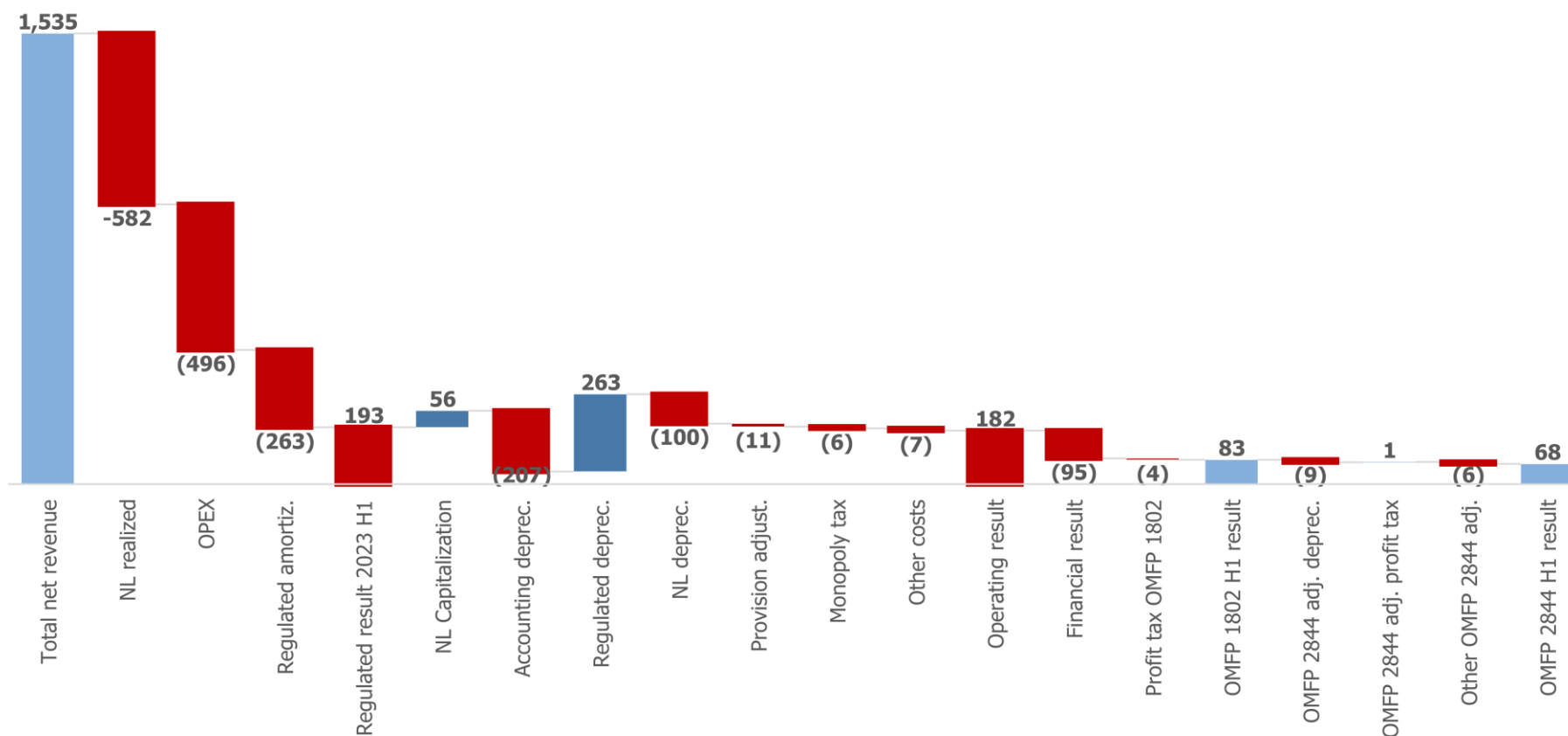
**Figure 9: Net result and Net result margin for H1 2023 and comparative information (RON mn. and %)**



Source: Electrica

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Figure 10: Analysis of regulated net result - OMFP 1802/2014 - OMFP 2844/2016 for the distribution segment at H1 2023 (RON mn.)



Source: Electrica

The positive regulated result of RON 193.5 mn. does not include the effect of the capitalization of the negative deviation of the cost of NL - in realized values this was RON 56.3 mn., determined for the amount of NL realized in the first semester of 2023. The additional cost with NL compared to the cost recognized in the capitalized tariffs for the first semester of 2023, in the amount of RON 56.3 mn., was determined using amounts recognized for the year 2023, according to the provisions of ANRE Order no. 129/2022.

## 6. Financial position

The following table presents the consolidated statement of the financial position (amounts in RON mn.):

	30 June 2023 (reviewed)	31 December 2022 (audited)	Variation abs
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets related to concession agreements	5,886.9	5,675.9	211.0
Intangible assets related to NL capitalization	908.1	951.6	(43.5)
Goodwill	13.8	12.0	1.8
Other intangible assets	12.8	12.9	(0.1)
Property, plant and equipment	500.0	499.4	0.6
Investments in associates	23.0	18.8	4.2
Other investments	7.0	7.0	0.0
Deferred tax assets	24.2	30.2	(6.0)
Other non-current assets	51.6	2.4	49.2
Right of use assets	50.4	52.2	(1.8)
<b>Total non-current assets</b>	<b>7,477.8</b>	<b>7,262.3</b>	<b>215.5</b>
<b>Current assets</b>			
Trade receivables	2,569.5	2,466.0	103.5
Other receivables	75.0	127.3	(52.3)
Cash and cash equivalents	147.2	334.9	(187.7)
Subsidies receivables	2,299.9	1,280.8	1,019.1
Inventories	94.3	114.0	(19.7)
Prepayments	20.7	13.9	6.8
Current income tax receivable	-	24.0	(24.0)
Assets held for sale	0.3	0.3	-
<b>Total current assets</b>	<b>5,207.0</b>	<b>4,361.1</b>	<b>845.9</b>
<b>Total assets</b>	<b>12,684.8</b>	<b>11,623.3</b>	<b>1,061.5</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3,464.4	3,464.4	-
Share premium	103.0	103.0	-
Treasury shares reserves	(75.4)	(75.4)	-
Revaluation reserve	88.2	92.1	(3.9)
Legal reserves	434.0	429.6	4.4
Retained earnings	1,414.4	1,353.9	60.5
<b>Total equity attributable to shareholders of the Company</b>	<b>5,428.7</b>	<b>5,367.8</b>	<b>60.9</b>
Non-controlling interests	(0.5)	(0.5)	(0.0)
<b>Total equity attributable to shareholders of the Company</b>	<b>5,428.2</b>	<b>5,367.2</b>	<b>60.9</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			



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	30 June 2023 (reviewed)	31 December 2022 (audited)	Variation abs
Lease liability – long term	34.7	34.5	0.2
Deferred tax liabilities	220.8	212.6	8.2
Employee benefits	133.2	117.3	15.9
Other liabilities	70.0	72.4	(2.4)
Long-term bank borrowings	758.9	647.2	111.7
<b>Total non-current liabilities</b>	<b>1,217.6</b>	<b>1,083.9</b>	<b>133.7</b>
<b>Current liabilities</b>			
Lease liability – short term	17.3	19.2	(1.9)
Bank overdrafts	2,765.5	2,571.0	194.5
Trade payables	1,365.1	1,407.1	(42.0)
Other payables	1,313.4	867.5	445.9
Deferred revenue	10.0	24.8	(14.8)
Employee benefits	105.5	114.2	(8.7)
Provisions	44.4	53.7	(9.3)
Current income tax liability	9.1	1.1	8.0
Current portion of long-term bank borrowings	408.6	113.5	295.1
<b>Total current liabilities</b>	<b>6,039.0</b>	<b>5,172.2</b>	<b>866.8</b>
<b>Total liabilities</b>	<b>7,256.6</b>	<b>6,256.1</b>	<b>1,000.5</b>
<b>Total equity and liabilities</b>	<b>12,684.8</b>	<b>11,623.3</b>	<b>1,061.5</b>

Source: Electrica

\*A condensed form of the financial position is presented

### Non-current assets

The non-current assets increased by RON 215.5 mn in H1 2023, or 3.0%, to RON 7,477.8 mn. as of 30 June 2023, from RON 7,262.3 mn. at 31 December 2022, this variation being mainly the effect of the RON 211.0 mn. increase of intangible assets related to concession agreements, as a result of a higher level of investments made in the distribution network compared to the amortization related to the analyzed period.

#### Goodwill

On 30 June 2023, the Group recognized a goodwill worth RON 13.8 mn. for its two new subsidiaries (from the 4 project companies acquired for renewable energy production), on 30.06.2023 holding 100% of the share capital for the two new subsidiaries compared to 31.12.2022 when it had a 60% holding, for the other 2 companies the holding is 30% and they are still considered invested in associated entities in the financial statements. The goodwill is mainly attributed to the know-how of the projects and the synergies that are expected to be achieved from the integration of the companies in the existing businesses of the Group.

### Current assets

At 30 June 2023, current assets increased by RON 845.9 mn. compared to 31 December 2022, from RON 4,361.1 mn. to RON 5,207.0 mn., this evolution being mainly the net effect of evolution of supply segment where are the receivables for subsidies amounting to RON 2,299.9 mn. and trade receivables with an increase of RON 103.5 mn. compared to 31 December 2022.

Below is presented the evolution of current assets' elements that generate most of the variation.

Cash and cash equivalents

Cash and cash equivalents include cash balances, call deposits and deposits with maturities of up to three months that have insignificant exposure to the fair value change risk, being used by the Group for the management of short-term commitments and for financing of current activity.

Their value decreased by RON 187.7 mn. in H1 2023, reaching RON 147.2 mn., from RON 334.9 mn. at 31 December 2022, the cash being used mainly for the distribution company's investments' internal financing, as well as for working capital financing.

Trade receivables

Trade receivables increased by RON 103.5 mn. during H1 2023, to RON 2,569.5 mn., from RON 2,466.0 mn. at 31 December 2022. Following the adoption of the Order no. 118/2021 with subsequent amendments and GEO no. 27/2022, the latter one being amended by GEO no. 119/2022, concerning the capping and compensation mechanism, part of the receivables due to the subsidiary Electrica Furnizare S.A. for the sale of electricity and gas are against the Romanian State through National Agency for Payments and Social Inspection and Ministry of Energy. On 30 June 2023, the amounts estimated to be received from the Ministry of Energy for non-household consumers are RON 10.2 mn. (31 December 2022: RON 20.5 mn.) and RON 37.1 mn. (31 December 2022: RON 21.0 mn.) from the National Agency for Payments and Social Inspection for household consumers.

Subsidy receivable

On 30 June 2023, the subsidies to be collected from the supply segment amount to RON 2,299.9 mn., registering an increase of RON 1,019.1 mn. (as of 31 December 2022, the amount was RON 1,280.8 mn.). The subsidies are collected from the Ministry of Energy as a result of the application of the electricity and natural gas price ceiling mechanism approved by GEO no. 118/2021 with subsequent changes and GEO no. 27/2022.

**Non-current liabilities**

The non-current liabilities recorded an increase as of 30 June 2023, of RON 133.7 mn., reaching the value of RON 1,217.6 mn., from RON 1,083.9 mn. as of 31 December 2022, mainly as a result of the increase in the long term bank borrowings, of RON 111.7 mn..

**Current liabilities**

At 30 June 2023, the current liabilities increased by RON 866.8 mn., to RON 6,039.0 mn., from RON 5,172.2 mn. at the end of 2022, mainly as a result of the changes in the categories listed below.

Overdrafts

The overdrafts increased in H1 2023 by RON 194.5 mn., reaching RON 2,765.5 mn., from RON 2,571.0 mn. at the end of 2022, as the Group has increased its working capital financing methods through overdraft for financing the current activity.

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, Alpha Bank and UniCredit) with a total overdraft limit of up to RON 2,960.0 mn. (Total overdraft limit as at 31 December 2022: RON 2,743.5 mn.).

The overdraft facilities are used for financing activities. The outstanding balance of the overdraft facilities as at 30 June 2023 is RON 2,765.5 RON mn. (31 December 2022: RON 2,571.0 mn.).

Trade payables

As of 30 June 2023, trade payables decreased by approx. RON 42.0 mn., to RON 1,365.1 mn., from RON 1,407.1 mn. at 31 December 2022, mainly from decreases of balances related to suppliers of electricity in correlation with the decrease in the price of electricity purchased both on the supply segment and on the distribution segment for NL.

Other payables

Other payables increased in H1 2023 by RON 445.9 mn., reaching RON 1,313.4 mn., from RON 867.5 mn. at the end of 2022, mainly from VAT payable balance increase for the supply segment (RON 334.5 mn.), but also from other payables including mainly guarantees, connection fees, habitat tax and cogeneration contribution.

The current portion of long-term bank loans

On 30 June 2023, the current portion of long-term bank loans increased by approximately RON 295.1 mn., or 260.0%, to RON 408.6 mn. on 30 June 2023 from RON 113.5 mn. on 31 December 2022.

**Equity**

Reinvested profits

According to the General Meeting of the Company's Shareholders on 27 April 2023, the distribution of the net accounting profit of Electrica SA for the financial year 2022 in the amount of RON 24.3 mn. to the following destinations:

- (i) Legal reserve (5% of gross profit 2022): RON 1.3 mn.;
- (ii) Other reserves: RON 17.0 mn.;
- (iii) Dividends to be distributed to shareholders in a total amount of RON 40.0 mn..

## 7. Statement of cash flows

The following table presents the consolidated statement of cash flows of Electrica Group (amounts in RON mn.):

	30 June 2023 (reviewed)	30 June 2022 (reviewed)	Variation abs
<b>Cash flows from operating activities</b>			
<b>Loose/Profit for the period</b>	<b>105.6</b>	<b>(175.5)</b>	<b>281.1</b>
<b>Adjustments for:</b>			
Depreciation	8.9	9.9	(1.0)
Amortization	348.3	238.3	110.0
Capitalised costs of intangible non-current assets	(56.3)	-	(56.3)
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	-	(0.5)	0.5
Impairment of trade and other receivables, net	24.3	50.0	(25.7)
Impairment of assets held for sale	-	0.08	(0.1)
Change in provisions, net	(9.3)	2.1	(11.4)
Net finance cost	141.6	57.5	84.1
Changes in employee benefits obligations	-	1.7	(1.7)
Corporate income tax expense	31.6	(28.9)	60.5
	<b>594.7</b>	<b>154.7</b>	<b>440.0</b>
<b>Changes in:</b>			
Trade receivables	(222.1)	(655.2)	433.1
Other receivables	1.5	17.2	(15.7)
Prepayments	(6.8)	(9.9)	3.1
Inventories	19.7	(12.3)	32.0
Trade payables	(16.5)	68.1	(84.6)
Other payables	433.8	215.5	218.3
Employee benefits	2.4	(23.0)	25.4
Deferred revenue	(14.7)	9.7	(24.4)
Subsidy receivables	(1,019.1)	(1,132.1)	113.0
	<b>(227.3)</b>	<b>(1,367.4)</b>	<b>1,140.1</b>
<b>Cash generated from operating activities</b>	<b>(227.3)</b>	<b>(1,367.4)</b>	<b>1,140.1</b>
Interest paid	(131.2)	(50.4)	(80.8)
Income tax paid	(1.4)	-	(1.4)
	<b>(359.9)</b>	<b>(1,417.7)</b>	<b>1,057.8</b>
<b>Net cash from operating activities</b>	<b>(359.9)</b>	<b>(1,417.7)</b>	<b>1,057.8</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment	(0.9)	(4.9)	4.0
Payments for network construction related to concession agreements	(376.8)	(261.4)	(115.4)
Payments for purchase of other intangible assets	(3.0)	(1.9)	(1.1)
Proceeds from sale of property, plant and equipment	-	2.5	(2.5)
Interest received	1.1	0.4	0.7
Payments for subsidies acquisition	(6.1)	(3.0)	(3.1)
	<b>(385.7)</b>	<b>(268.3)</b>	<b>(117.4)</b>
<b>Net cash used in investing activities</b>	<b>(385.7)</b>	<b>(268.3)</b>	<b>(117.4)</b>

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	30 June 2023 (reviewed)	30 June 2022 (reviewed)	Variation abs
<b>Cash flows from financing activities</b>			
Proceeds from long-term bank borrowings	450.9	113.5	337.4
Proceeds from overdrafts	188.1	1,737.5	(1,549.4)
Repayment of long-term bank borrowings	(46.5)	(46.5)	-
Payment of lease liabilities	(14.6)	(9.6)	(5.0)
Dividends paid	(20.0)	(152.3)	132.3
<b>Net cash used in financing activities</b>	<b>557.9</b>	<b>1,642.6</b>	<b>(1,084.7)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(187.7)</b>	<b>(43.5)</b>	<b>(144.2)</b>
Cash and cash equivalents at 1 January	334.9	(405.6)	740.5
<b>Cash and cash equivalents at 30 June</b>	<b>147.2</b>	<b>(449.0)</b>	<b>596.2</b>

Source: Electrica

\*A condensed form of the statement of cash flow is presented

In **H1 2023**, the net decrease in cash and cash equivalents amounted to **RON -187.7 mn.** compared with the same period of 2022 where the amount was RON -43.5 mn.

The net cash generated by the operating activity was of RON 359.9 mn. (negative). The net result was RON 105.6 mn. (profit); the main non-monetary elements adjustments for the net profit were: adding the depreciation and amortization of RON 357.2 mn., the impairment adjustments for current assets of RON 24.3 mn., the net finance cost of RON 141.6 mn., the income tax of RON 31.6 mn. and the net change in provisions of RON -9.3 mn.

Changes in working capital had an unfavorable effect, of RON 821.8 mn., the most significant impact being generated by the negative change in trade receivables of RON 221.1 mn., as well as in trade payables, of RON 16.5 mn., and also the positive variation of other payables in amount of RON 433.8 mn. Interest paid amounted to RON 131.2 mn. The receivables subsidies have generated the greatest negative impact amounting to RON -1,019.1 mn.

For the investment activity, the cash used was of RON 385.7 mn., the most significant values being related to the payments for the network construction in connection with the concession agreements, RON 376.8 mn.; these have recorded an increase of approx. 44.1% y-o-y, correlated with the increase in investments in networking compared with the same period of prior year.

The financing activity generated an increase in cash and cash equivalents of RON 557.9 mn., the main factors being the withdrawals from overdrafts RON 188.1 mn., the withdrawals related to the long term borrowings of RON 450.9 mn., effect decreased by the dividends paid to shareholders amounting to RON 20.0 mn., the repayments of long term borrowings – negative effect of RON 46.5 mn. and payment of lease liabilities of RON 14.6 mn..

On 27 April 2023, the General Meeting of the Company's Shareholders approved the distribution of dividends in the amount of RON 39,999 th (2022: RON 152,799 th). The value of the distributed dividends per share is RON 0.1178 per share (2022: RON 0.45 per share).

In **H1 2022**, the net decrease in cash and cash equivalents amounted to **RON -43.5 mn.** compared with the same period of 2021 where the amount was RON -178.4 mn.

The net cash generated by the operating activity was of RON 1,417.7 mn. (negative). The net result was RON 175.5 mn.; the main non-monetary elements adjustments for the net profit were: adding the depreciation and amortization of RON 248.2 mn., the impairment adjustments for current assets of RON 50.0 mn., the net finance

cost of RON 57.5 mn., the income tax of RON -28.9 mn. and the net change in provisions of RON 2.1 mn.

Changes in working capital had an unfavorable effect, of RON 1,552.1 mn., the most significant impact being generated by the negative change in trade receivables of RON 655.2 mn. (correlated with the increase in revenues for supply segment), as well as the positive variation in trade payables, of RON 68.1 mn., and also of other payables in amount of RON 215.5 mn. Interest paid amounted to RON 50.4 mn. The receivables subsidies have generated the greatest negative impact amounting to RON -1,132.1 mn.

For the investment activity, the cash used was of RON 268.3 mn., the most significant values being related to the payments for the network construction in connection with the concession agreements, RON 261.4 mn.; these have recorded an increase of approx. 9.8% y-o-y, correlated with the increase in investments in networking compared with the same period of prior year.

The financing activity generated an increase in cash and cash equivalents of RON 1,642.6 mn., the main factors being the withdrawals from overdrafts RON 1,737.5 mn., effect decreased by the dividends paid to shareholders amounting to RON 152.3 mn., the withdrawals related to the long term borrowings – positive effect of RON 113.5 mn., and the repayments of long term borrowings – negative effect of RON 46.5 mn.

On 20 April 2022, the General Meeting of the Company's Shareholders approved the distribution of dividends in the amount of RON 152,799 th (2021: RON 247,874 th). The value of the distributed dividends per share is RON 0.45 per share (2021: RON 0.73 per share).

## 8. 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, has a significant impact on to all market participants and leads 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 be visible some time after the return to the free market.
- Increased competition between the players in the electricity supply market at national level, especially in terms of diversifying the portfolio of products offered to customers (offers for natural gas, insurance, home appliances etc.) and digital services offered (mobile applications, invoices and online payments, extending the customer service through chat solutions); the supply market liberalization imposed the priorities' rethinking and establishing strategies for maintaining the market share; the return to the free market will mean a challenge for both suppliers and customers;
- The legislation introducing provisions related to the non-regulated market transactions, will also influence the electricity market and future strategies of the SoLR regarding portfolios' management.
- 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 recent high price for electricity will increase the interest of consumers to independently produce some of the energy consumed, which is an acceleration of trends in this regard. Significantly reducing the costs of photovoltaic technologies is a development opportunity for smaller scale generation projects, especially in the home 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;

- 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.

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

Key drivers	Description	Impact on
GDP evolution and industry structure	<p>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.</p> <p>The increase of electricity consumption was a constant trend in Romania in the last years and will be maintained as general direction.</p> <p>However, 2023 saw a sharp decrease in industrial production and, as a consequence, in the first semester the demand for electricity also decreased.</p>	GDP evolution and industry structure
Demographic evolution and technology development	<p>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 electrification. 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.</p>	Electricity consumption
Changes in regulatory framework	<p>Approved schemes to support customers in the payment of electricity / gas bills, with initial application between 01 November 2021 – 31 March 2022, which granted price caps, compensation for household customers and exemptions for SMEs, subsequently extended for the period 01 April 2022 – 31 March 2025, which capped the prices applicable to final customers, involve the ex post recovery by suppliers of the amounts related to these schemes, risking affecting the supply activity in case of delays in settlement of amounts incurred by suppliers or their complete non-recovery.</p> <p>As of 2022, the new <i>Performance Standard for electricity/gas supply</i> was enforced, bringing higher quality requirements for the supply of electricity, as well as higher obligations concerning the compensation of customers, including the obligation to pay compensations to all categories of customers in case of breach of quality standards.</p> <p>Starting with 01 May 2022, the new rules for the sale of electricity produced by prosumers enter into force, respectively quantitative compensation for customers with installed power up to 200 kW and financial compensation for customers with installed power between 200 and 400 kW, which will generate a new demand flow for this customer segment.</p> <p>Starting from 06 February 2023, the new Regulation for the supply of electricity to final customers entered into force, bringing a series of novelties with an impact on the supply activity (i.e. supply contract with dynamic prices).</p> <p>The new framework contract for the supply of electricity in the universal service regime is approved, an order that also includes the unique invoice model.</p> <p>Regarding the distribution segment, in 2019 the 4th regulatory period began (2019-2023), and ANRE approved significant changes to the Methodology for all elements of the tariff (regulated rate of return, base of regulated assets, own consumption technological, operating and maintenance costs, dynamic distribution tariffs starting with 2020).</p> <p>The year 2024 represents the transition period from the fourth period (RP4) to the fifth regulatory period (PR5); In 2024, ANRE will approve regional distribution tariffs for DEER established on the basis of a single regulated income and a single NL target;</p> <p>The methodological norms approved by ANRE in October 2022 allow the capitalization starting from 2022 of the additional cost with NL compared to the price recognized in the tariffs.</p> <p>The distribution performance standard brought changes in 2022 regarding the compensations</p>	Electricity prices



Key drivers	Description	Impact on
	<p>granted to customers (10 lei/customer) for not reading the meter indexes on time (domestic 3 months; non-domestic 6 months, prosumer 1 month).</p> <p>As regards the connection of users, the Energy Law was amended in the period 2020-2022, so that: in 2021, OD financed the works of connecting domestic and non-domestic customers with lengths of less than 2.5 km, and starting with 2022, the free service for non-households was eliminated, and for households the obligation to finance by the OD only a connection in the average value established by ANRE was maintained.</p>	
The evolution of the electricity price in the market	<p>The weighted average price for transactions concluded on DAM for the first semester of 2023 decreased by 49% compared to the first semester of 2022, the trend maintained until the end of the first semester. Between 1 January 2023 and 31 March 2025, the mechanism for the centralized purchase of electricity is established, and OPCOM is appointed sole purchaser. 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>	Electricity prices
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 aligns with the EU's imperative to become a sustainable society and to reach zero greenhouse gas emissions in 2050. The 2030 Framework provides ambitious targets and therefore more efforts are needed from governments and companies to achieve them.</p>	Electricity prices and consumption, regulatory framework

Source: Electrica

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

### Supply segment

The regulatory changes with significant impact in the **supply segment** are the following:

- The application, between 01 November 2021 and 31 March 2025, of the support schemes for electricity/natural gas customers, introduced by GEO no. 118/2021, approved by Law no. 259/2021 with subsequent changes and additions, GEO no. 27/2022, with subsequent amendments and additions, approved by Law no. 206/2022 and GEO no. 119/2022, approved by Law no. 357/2022, in the context of the price increase on the electricity and natural gas markets at the international and national level, as well as the effects caused by these increases for the Romanian population. The way of implementing these schemes, respectively through the suppliers, and, above all, the settlement mechanism of the amounts granted as support to clients, ex post, from the state budget to the electricity/natural gas suppliers, are of the nature of generating constraints from the point of view of the cash flow, as well as uncertainties regarding the full recovery of the respective amounts by the suppliers;
- Approval of GEO no. 153/2022 by Law no. 206/2023 which also includes a series of changes regarding the recognized average purchase price (it drops from 1300 lei/MWh to 900 lei/MWh), the regularization of non-domestic final customers, who did not benefit from capping in 2021, but who, depending on the consumption achieved in 2022, have the right to benefit, the application of the minimum price between the price resulting from the application of the GEO, the capped price and the price in the contract, the application of the adjustment component, for their implementation a sustained operational effort is required from the suppliers.
- The entry into force of the new Regulation for the supply of electricity to final customers, approved by ANRE Order no. 5/2023 by which new notions were introduced regarding the supply contract with dynamic prices (obligation to make an offer/contract with dynamic prices for EFSA) and active customers with new obligations for the supplier (existing condition of the supply contract for both the place of consumption as well as for place

of consumption and production); were included among the facilities granted to the vulnerable client and the deferment of the invoice payment, upon request, for a period of at least 3 months.

- Modification and completion of the Regulation regarding the supply of natural gas to final customers, approved by ANRE President's Order no. 29/2016 (definitions were introduced for each of the components of the final invoiced price; it was stipulated that in the case of vulnerable customers it would be possible to pay the invoice in installments, upon request, over a period of at least 3 months or agreed by the parties; have correlated the provisions of the Regulation with those of Order 3/2022 - POSF; the mandatory information to be included in the invoice has been updated, establishing the essential priority information that must be entered on the first page of the invoice, so that the end customer knows the invoiced consumption and how much they have to pay for it, and on the second page of the invoice to detail this priority information) and the amendment ANRE Order no. 106/2014 regarding the methods of informing end customers by natural gas suppliers regarding the commercial conditions of natural gas supply.
- Approval of the framework contract for the supply of electricity in the universal service regime, the general conditions for the supply of electricity in the universal service regime and the invoice model applicable to household customers by ANRE Order no. 13/2023. The fact that the invoices issued by electricity suppliers to household customers for electricity consumption made starting from April 2023 will have to comply with the invoice model (the color, type and size of the font can be determined by the suppliers) and the fact that until the date of 31 March 2024, electricity suppliers that have universal service customers in their portfolio will communicate the new electricity supply contracts to customers, which will lead to additional costs.
- Approval of ANRE Order no. 16/2023 for the amendment and completion of the Regulation on the last resort supply of natural gas, which amended the provisions relating to the natural gas distribution contract that SoLR is obliged to conclude with the distribution operators, Annex no. 5, respectively the takeover request model, Annex no. 6 - The method of appointing the SoLR for places of consumption with an annual consumption of more than 28,000 MWh of each PET for the situation where they have not ensured the supply of natural gas to cover the consumption requirement, fully or partially, during the period of application of the support scheme, a mechanism was created through which, during the application of the support scheme approved by GEO 27/2022, for consecutive periods of 12 months starting from 01 April 2023 – 31 March 2024, ANRE appoints SoLR, among those already appointed, for the places of consumption with an annual consumption of more than 28,000 MWh of each PET where thermal energy is produced.

For the supply segment, the legislative changes brought about by the support scheme, namely the granting of ceilings between 01 November 2021 and 31 March 2025, significantly reduced the migration of customers from and to other suppliers, price ceilings eliminating competition from the electricity retail market and natural gases.

### **Distribution segment**

For the **distribution segment**, the significant changes in the Romanian legislation were detailed *at chapter 2.2. Subsequent Events*.

In 2022, according to the Government's emergency ordinance (OUG) no. 119/2022, 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 January 2022 and 31 August 2023, in order to cover the NL, compared to the costs included in the tariffs regulated (and not only loans), 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 lei/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 lei/MWh.

### **Energy services segment**

The Group's portfolio also includes the energy services segment (equipment maintenance, repairs and other additional services related to the network), performed almost entirely for the distribution companies outside the Group.

Until 30 November 2020, the segment was represented by SEM, and after the absorption merger between SERV and SEM, the segment includes the activity of energy services within SERV.

Electrica Serv will multiply the efforts to develop the market for "green energy" generation solutions – photovoltaic power plants and reactive energy compensators – by strengthening the partnership with EFSA in finding solutions and opportunities for efficiency for customers, by mounting photovoltaic panels and reactive energy compensators, intelligent lighting solutions, backup power, smart metering.

The main objectives of the SERV for the next period are:

- Expanding the activity on the service market outside ELSA group and consolidating in the business lines the new activities simultaneously with reactivating the old activities for which there is accumulated experience;
- Adapting the business and staff structure to streamline the activity and compensate for the losses suffered in the last fiscal years;
- Strengthening the current financial situation and reinvesting resources for the company's development in new directions of development.

### **Electricity production segment**

For the **production segment**, the development of the projects already purchased is continued in order to reach the ready to build stage, namely:

- Final development regarding the final authorization process necessary to start the construction;
- Start planning activities for the construction phase for projects that will reach the ready to build stage in the first part of 2023.

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

- Acquisitions of new projects regarding the production of electricity from renewable sources and/or the conclusion of partnerships through the acquisition of majority shareholdings in RES projects (already developed by potential partners);
- Start of project development activities for: production from renewable sources, natural gas production, energy storage in batteries, hydrogen production and storage projects;
- Start of planning activities for the operation of EPE subsidiary, phased in line with the development and implementation schedule of energy generation and storage projects.

## **The human resources area perspective**

From the analyzes used in the elaboration of the human resources strategy, as well as from more recent analyzes, the labor market faces new challenges, as demographic developments, labor migration, and the evolution of the economy will accentuate the shortage of skilled labor. Also, the acceleration of digitization, in the pandemic and post-pandemic context, the significant technological changes, as well as the process of succession to a new generation, inherent at the Group level, will determine the transition to new profiles for employees that include a mix of skills and, at the same time, real challenges in recruiting new employees with a high level of expertise in the near future.

Electrica Group operates in a competitive market, where the technological progress is very fast and at a time when the approach of companies and employees is changing towards the work process, as it was defined in the past. Salary packages are no longer the only motivational lever. Non-financial benefits and the organizational climate, are increasingly important to attract employees and retaining the valuable ones.

Career opportunities, broadening the area of competence and assigning more significant responsibilities must be part of the strategies and tools used. At the same time, at the Group level, the provision of the necessary human resources and the staff training in key business areas were treated as priority topics, in order to increase labor productivity and individual performance.

The human resources strategy took into account these aspects and, through the proposed projects, aimed at reducing the impact of the negative aspects in the retaining and development of the human resource.

At the same time, considering the evolution of the financial and operational performance, registered during the past years, as well as the transformations and the trends of the energy sector, it was implemented a corporate reorganization plan as a necessary and opportune measure to adapt to the market context. This initiative pursued a series of strategic objectives, such as:

- increasing financial and operational performance;
- the organization corporate cultural transformation, focused on efficiency and performance, in order to ensure the sustainability of the business;
- work efficiency, staff improvement and specialization;
- accelerating the embracing of the market's best practices and new technologies, increasing transparency and reducing costs.

Lately, the company's policies and procedures were revised regarding the implementation of the hybrid working program and the extension of the benefits package granted to employees (i.e. contributions to private pensions Pillar 3) as a measure to adapt to market trends.

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

## **The IT&C perspective**

For the year 2023, in line with the objectives and directions included in the IT&C Strategy approved in 2019 and the Digitization Strategy approved in 2022, the Group proposed the continuation of the consolidation for the ERP systems at the Group's subsidiaries as well as at SE Electrica SA level by implementing SAP4Hanna, synchronizing these requirements with the needs, decisions and initiatives to re-organize the divisions and operational departments. Also, as the Group's activity has developed both in terms of the complexity of transactions (and as a result of the new financial reporting standards), as well as in terms of expansion through the acquisition of new

subsidiaries, there is a need to implement a tool at the Electrica Group level - Central Finance, centralized, which will make both the financial reporting process and the planning process more efficient.

In addition to traditional IT&C infrastructure and services, the Group aims to continue and accelerate digitization initiatives and the application of technologies that lead to faster, more flexible and customer-friendly interaction. Last but not least, the Group set out to analyze the options for the next stage of technological development and harmonization; the future Digitization Strategy should take over the results of the current phase in 2023 and place full emphasis on optimizing internal and other processes, with all stakeholders, based on the Group's advanced Digital Transformation technologies.

## **9. 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.

Capital Expenditures approved by the Board of Directors for the year 2023 was in total amount of RON 1,083.2 mn.

Electrica's capital expenditures in the six months period ended 30 June 2023 and 30 June 2022 amounted to RON 394 mn. and RON 232 mn., respectively.

The volume of investments in the distribution network reflects the Group's effort to accomplish the planned level of investments for 2023, 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.

## **10. Statements**

Based on the best available information, we confirm that the interim condensed consolidated financial statements reviewed for the six month period ended 30 June 2023 prepared in accordance with OMFP 2844/2016 for the approval of the Accounting Regulations in accordance with the International Financial Reporting Standards adopted by the European Union with subsequent changes, 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. 14 to ASF Regulation no. 5/2018 for the six months period ended 30 June 2023, comprises accurate and real information regarding the Group's development and performance.

**Chair of the Board of Directors,**

**Iulian Cristian BOSOANCA**

**Chief Executive Officer,**

**Alexandru-Aurelian CHIRITA**

**Chief Financial Officer,**

**Stefan Alexandru FRANGULEA**

# 11. Appendix

## 11.1. Appendix 1 - Economic and financial indicators of Electrica Group as of 30 June 2023 according to Annex 14/ASF Regulation no. 5/2018

<b>Indicator</b>	<b>Formula</b>	<b>Value</b>
Current liquidity ratio	Current assets/Current liabilities	0.86
Capital Gearing Ratio	Debt/Equity * 100	22.1%
Trade receivables turnover	Average balance trade receivables/ Turnover * 90	96 days
Non-current asset turnover ratio	Turnover/Non-current assets	0.65

## 11.2. Appendix 2 - Applicable legal framework - issued in 2023

### A.11.2.1 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:

2023	
<p><b><u>Regulations regarding tariffs:</u></b></p>	<ul style="list-style-type: none"> <li>▪ <b>The distribution rates approved starting with 01 April 2023</b> were approved by ANRE <b>Order no. 27/2023</b>, the regional average tariffs for DEER having the following increases compared to the tariffs from 01 April 2022: <b>MN +26.1%, TN +21.5%, TS +10.9%</b>; - effective from 01 April 2023.</li> <li>▪ The specific tariffs applicable starting from 01 April 2023 are composed of the main component and a component related to additional costs with NL, the latter was not subject to the 7% limitations imposed for tariff increases, being recognized as a distinct component of tariffs related to capitalized costs recognized with additional NL for the year 2022, amortized over a period of 5 years from the date of capitalization and remunerated with 50% of the regulated rate of return approved by ANRE, according to GEO no. 119/2022.</li> <li>• <b>ANRE Order no. 1/2023 for the modification and completion of some orders of the ANRE</b> - effective from 17 January 2023             <ul style="list-style-type: none"> <li>▪ The methodology for establishing distribution tariffs - is modified and provides for the granting of the RRR incentive of 2% for investments from EU funds only if they have not benefited from the PCI incentive</li> <li>▪ The project was developed as a result of ANRE's obligation to present to ACER, by 24 January 2023, the methodology and criteria used to evaluate investments, in the sense of alignment with Regulation (EU) 2022/869:                 <ul style="list-style-type: none"> <li>▪ energy infrastructure projects and high risk assessment</li> <li>▪ the specific risks to which offshore networks for energy from renewable sources are exposed</li> </ul> </li> </ul> </li> <li>• <b>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</b> - effective from 10 July 2023             <ul style="list-style-type: none"> <li>▪ The changes take into account the definition of the year 2024 as a transition year from RP4 to RP5 and the establishment of the target income for the year 2024 according to the Methodological Norms that complete the Methodology (Annex 1^1)</li> <li>▪ For DEER, in 2024: single regulated revenue, zonal distribution tariffs, single NL targets.</li> <li>▪ For all DOs:                 <ul style="list-style-type: none"> <li>▪ The 2024 NL target is established using the reduction gradient 2023 compared to 2022 applied to 2023</li> <li>▪ The 2024 NL reference price is calculated as a weighted average considering 75% the price approved by MACEE and 25% the DAM price in May 2023.</li> <li>▪ The regulated rate of return for 2024 remains at 6.39%</li> <li>▪ The inflation rate used to calculate the 2024 tariffs is equal to the one forecasted by CNP for the year 2024.</li> <li>▪ The inflation corrections related to RP4 will be calculated in 2024 and will be added to the target income of 2025</li> </ul> </li> </ul> </li> <li>• <b>ANRE Order no. 82/2023 regarding the modification and completion of ANRE orders</b> – effective 15 August 2023             <ul style="list-style-type: none"> <li>▪ <i>Energy technical norm regarding the determination of own technological consumption in public interest electric networks - NTE 013/16/00, approved by ANRE Order no. 26/2016</i> <ul style="list-style-type: none"> <li>▪ it is stipulated that the determination of the quotas assigned to the producers and the transport operator from the amount of NL related to the additional transit of electricity from the 110 kV electrical networks, should be carried out by the DO</li> </ul> </li> <li>▪ <i>The methodology for establishing tariffs for the electricity distribution service, approved by ANRE Order no. 169/2018</i> <ul style="list-style-type: none"> <li>▪ DO recovers from the TSO the counter value of the amount of NL related to the additional transit of electricity, for the quotas assigned to producers and TSOs.</li> <li>▪ the amount of NL related to the additional transit of electricity from the 110 kV electrical networks, determined according to ANRE regulations, is taken</li> </ul> </li> </ul> </li> </ul>



	<p>into account in the annual correction of the regulated NL at the request of the operator, by reducing the amount of NL realized.</p> <ul style="list-style-type: none"> <li>▪ the revenues recorded from the recovery from the TSO of the counter value of the amount of NL related to the additional transit of electricity from the 110 kV electrical networks are not taken into account when determining the corrections of the regulated income.</li> </ul> <ul style="list-style-type: none"> <li>• <b>Draft Order regarding the modification and completion of the Methodological Norms regarding the recognition in tariffs of the additional costs with the purchase of electricity to cover NL compared to the costs included in the regulated tariffs, approved by ANRE Order no. 129/2022</b> – public consultation <ul style="list-style-type: none"> <li>▪ Introduction of provisions regarding the method of determining additional costs with NL for the period 1 September 2023 – 31 March 2025, respectively: <ul style="list-style-type: none"> <li>▪ the introduction of the obligation to transmit by DO/TSO the forecasts of the quantities of electricity in the balance sheet, broken down by quarters;</li> <li>▪ the cost with NL for quarter 1 2023 is calculated as the product of the price and quantity of NL quarter 1 2023, used to calculate the rates 1 April 2023;</li> <li>▪ the cost with NL for quarters 2-4 of 2023 included in the tariffs, is calculated as the difference between the cost with NL 2023 used in the tariffs on 1 April 2023 and the cost with NL quarter 1 2023</li> <li>▪ realized costs recognized ex-ante, based on the costs realized in the first 3 quarters and the estimated costs for the 4th quarter (determined on the basis of the quantity and price of NL included in the tariffs)</li> </ul> </li> <li>▪ Completing/amending some existing provisions regarding: <ul style="list-style-type: none"> <li>▪ transmission of the values achieved for the first 3 quarters of 2023 by the deadline of 31 October of the current year,</li> <li>▪ the transmission of the annual values of the current year, broken down by quarters, until the deadline of 15 February of the following year</li> </ul> </li> </ul> </li> </ul> <p>the method of recognizing capital costs so that they are applicable for the entire period 1 September 2023 – 31 March 2025.</p>
<p><b><u>Investments Procedure</u></b></p>	<ul style="list-style-type: none"> <li>• <b>ANRE Order no. 1/2023 for the modification and completion of various orders of the ANRE</b> - effective from 17 January 2023 <ul style="list-style-type: none"> <li>▪ Methodology for the evaluation of investments in projects of common interest (PCI) approved by ANRE Order no. 139/2015 is amended as follows: <ul style="list-style-type: none"> <li>▪ expanding the scope of the Methodology for DO investments (in addition to TSOs)</li> <li>▪ granting a 1% RRR incentive for PCI</li> <li>▪ expanding the scope of the type of PCI from electric transmission networks to: a) electric transmission and distribution networks; b) offshore networks for energy from renewable sources; c) projects that integrate innovative technical solutions and which, although they have low capital costs, involve significant operating costs.</li> </ul> </li> </ul> </li> <li>• <b>ANRE Order no. 6/2023 for the completion of the Procedure regarding the substantiation and approval of the investment plans of TSOs and DOs, approved by ANRE Order no. 98/2022</b> - effective from 13 February 2023 <ul style="list-style-type: none"> <li>▪ provides for the submission by DO to ANRE of the Development Plan for the period 2024-2033, by 1st of July 2023</li> <li>▪ Modifications consider the recognition of DO investments in energy storage and production of energy for consumption and NL: <ul style="list-style-type: none"> <li>▪ the inclusion in the category of justifiable investments of energy production facilities from renewable sources for NL supply and control consumption in the station;</li> <li>▪ the inclusion of electricity storage facilities in the category of necessary investments;</li> <li>▪ the possibility for DO to own storage facilities, by exception from the provisions of the Energy Law (art. 46<sup>1</sup> par. (1)), only with prior approval by ANRE;</li> <li>▪ establishing the method of calculating the economic efficiency of investments in production/storage, for the purpose of recognition by ANRE (Annex no. 8).</li> </ul> </li> </ul> </li> <li>• <b>Order no. 80/2023 for the modification and completion of the Methodology for evaluating the financing conditions of investments for the electrification of localities or for the expansion of electricity distribution networks approved by ANRE Order no. 36/2019, with subsequent amendments and additions</b> – effective from 20 July 2023 <ul style="list-style-type: none"> <li>▪ obligation for the DO to return to the public authority and/or the user/group of users, the financing quota paid by them and to take ownership of the network elements related to the returned quota, in the situation where the respective network is located in the urban area of the locality. The deadline for the refund of the financing quota is 31 January of the calendar year following the one in which the network was put into operation.</li> <li>▪ the ineffective share of the work of electrification/extension of the electricity network, resulting from the recalculation based on the value without VAT from the</li> </ul> </li> </ul>

	<p>minutes of reception of the commissioning, returned by the DO to the public authority and/or the user/group of users, is recognized in the regulated income of the DO of the year following the restitution, based on supporting documents regarding the amount and proof of the restitution.</p> <ul style="list-style-type: none"> <li>▪ for the electrification or expansion of electrical distribution network carried out through co-financing, the deadline for the recalculation of the efficiency ratio of the works has been extended to 30 days from the completion of the works and the signing of the acceptance minutes upon completion of the works and acceptance of the commissioning.</li> <li>▪ for the works carried out in the outskirts of the localities, the maximum term of 90 days was specified in which the DO and the co-financing participants, respectively the local authority and/or the user/group of users pay the regularization amounts in correlation with the recalculated investment efficiency rate. 90 days before the expiration of the 5-year term from the network's commissioning, ODC recalculates the investment efficiency rate resulting from the subsequent connection of other users and returns to the financing co-participants the difference between the co-financing rate that was due to them initially and the co-financing rate resulting from the efficiency recalculation.</li> <li>▪ for the implementation of local electrification works/network extension, in the case of co-financing, DO together with the public authority in its own name and/or as a representative of the users, as the case may be, or together with the user/group of users through an authorized representative tripartite contract for the execution of works with a certified economic operator, in compliance with the legal provisions in force.</li> <li>▪ The modifications and additions apply to the public authority/user/group of users who submitted an application for the development of the electrical distribution network for the electrification of the locality or for the expansion of the electrical distribution network, after the date of entry into force of Law no. 248/2022 regarding the approval of GEO no. 143/2021 for the amendment and completion of the Electricity and Natural Gas Law no. 123/2012, as well as for the modification of some normative acts, with subsequent modifications, respectively 25.07.2022.</li> </ul>
<b><u>Licenses</u></b>	<ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 66/2023 regarding the approval of the Regulation for the authorization of electricians in the field of electrical installations, respectively of project verifiers and quality technical and extrajudicial experts in the field of technological electrical installations</b> – effective from 1 May 2023 <ul style="list-style-type: none"> <li>▪ the proof of the qualifications of an authorized electrician in the field of electrical installations, an authorized project verifier or a quality technical expert and authorized extrajudicial in the field of technological electrical installations will be achieved by the issuance by the competent authority of an authorization, a nominal and non-transferable document;</li> <li>▪ the method of submission of documents by applicants will be realized by uploading them on the ANRE portal or in the PCUe platform and eliminating the possibility of submitting them directly to the ANRE registry or by post;</li> <li>▪ modification of the procedure for organizing the examination for the authorization of electricians, respectively the interview for the authorization of project verifiers, as well as quality technical and extrajudicial experts in the field of technological electrical installations;</li> <li>▪ it is proposed to facilitate obtaining the qualification of licensed electrician, by completing the list of acceptable professional qualifications (CPA) with a new qualification (CPA 4.1) which is applicable to qualified workers in the field of energy, electrotechnical, electromechanical or electrical installations for constructions, having also the diploma baccalaureate in a field other than these.</li> </ul> </li> </ul>
<b><u>Smart metering regulations (SMR):</u></b>	<ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 13/2023 approving the contract - framework for the provision of electricity in the universal service regime, the general conditions for the provision of electricity in the universal service regime and the invoice model applicable to household customers</b> - effective from 01 April 2023 Provisions regarding the SMR <b>in the framework contract for universal service electricity supply framework</b> – <ul style="list-style-type: none"> <li>▪ DO have the obligation to invoice monthly the distribution service to end customers with meters integrated in the SMR based on the recorded data;</li> <li>▪ DO have the obligation to ensure the meter reading and to communicate monthly the measured data for customers who have meters integrated in the SMR in case the connection to the communication system is interrupted;</li> <li>▪ for final customers who have meters integrated in SMR, regularization invoices are not issued.</li> </ul> </li> </ul>
<b><u>Technical regulations</u></b>	<p><b>a) Network connection</b></p> <ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 4/2023 for the modification and completion of ANRE orders in the field of connection to the public interest electric network of users</b> - effective from 03 February 2023 <ul style="list-style-type: none"> <li>▪ the modification and completion of the following regulations, in the sense of including the possibility of household customers, PFA, individual businesses, family businesses and public institutions whose places of consumption are connected to LV, as well as prosumers, to purchase the metering group or the protection block and measure fully equipped, including the meter in compliance with the technical specifications provided by TSO/DSO:</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>○ Connection Regulation</li> <li>○ The procedure regarding the connection to LV networks of household customers - ANRE Order no. 18/2022</li> <li>○ Connection framework contracts - ANRE Order no. 105/2022</li> <li>○ The procedure regarding the connection to the networks of the prosumers - ANRE Order no. 19/2022</li> <li>▪ TSO/DSO is obliged to reimburse the user the value of these equipments at the terms established in the connection contracts; the reimbursement is made on the basis of the supporting documents presented by the user, without being limited to: tax invoice, compliance certificates, warranty certificates, etc.</li> <li>▪ the obligation of the DO to mount the meter is maintained, the deadlines in force stipulated in the connection contracts being maintained.</li> </ul>
<p><b>Technical regulations</b></p>	<ul style="list-style-type: none"> <li>▪ <b>ANRE order no. 11/2023 for the modification and completion of the Methodology for issuing location notices by network operators, approved by ANRE no. 25/2016</b> - effective from 13 March 2023 <ul style="list-style-type: none"> <li>▪ the definition of "risk analysis" was introduced as technical-economic documentation for the analysis of the impact of non-compliance with the regulated coexistence conditions. This is drawn up by a quality and extrajudicial technical expert in the field of technological electrical installations, who holds a license/certificate issued by ANRE, or by a qualified expert in the prevention and reduction of technological risks</li> <li>▪ clarifications were made regarding the use of the favorable location notice conditional on the issuance of the building permit.</li> <li>▪ through the changes made, it will allow the use of the coexistence study drawn up in the approval phase of the urban planning documentation and in the procedure for issuing the site approval.</li> </ul> </li> <li>▪ <b>ANRE Order no. 21/2023 regarding the modification and completion of the Methodology for the exchange of data between the transport operator and the system, distribution operators and significant network users approved by ANRE Order no. 233/2019</b> - effective from 04 April 2023 <ul style="list-style-type: none"> <li>▪ the introduction of electricity storage facilities connected individually to the electrical network, with a response in providing active power distinctly from electricity production facilities;</li> <li>▪ detailing the relevant system users who are the subject of information transmission to DO and TSO;</li> <li>▪ detailing the method of transmitting data from relevant system users, directly and indirectly, to DO and TSO.</li> <li>▪ in accordance with the provisions of the norm for connecting storage facilities, it is necessary to specify: <ul style="list-style-type: none"> <li>○ communication path, redundancy and data exchange for storage facilities. These storage installations can be linked with the electricity production installation or they can be operated independently.</li> <li>○ how the programmed and planned data exchange is carried out until the provisions of ANRE Order no. 127/2021, with subsequent amendments and additions.</li> </ul> </li> </ul> </li> <li>▪ <b>ANRE Order no. 60/2023 for the modification and completion of the Methodology for establishing user connection rates to public interest electrical networks, approved by ANRE Order no. 11/2014</b> – effective from 21 April 2023 <ul style="list-style-type: none"> <li>▪ completion of the list of normative acts, with ANRE Order no. 105/2022, within which the two types of strengthening works are defined: specific and general.</li> <li>▪ if general strengthening works are needed to connect a production site or a consumption and production site, the calculation method currently provided in the Methodology is maintained. Thus, the users will bear the costs of the general strengthening works established on the basis of the general estimate, but no more than a calculation value, established taking into account the power approved for discharge into the network for the respective place of production/consumption and production, as well as the specific rates approved by ANRE.</li> </ul> </li> <li>▪ <b>ANRE order no. 70/2023 for the modification and completion of some ANRE orders in the field of connection to the public interest electric network of users</b> – effective from 31 May 2023 <ul style="list-style-type: none"> <li>▪ Regulation regarding the connection of users to the public interest electrical networks approved by ANRE Order no. 59/2013: <ul style="list-style-type: none"> <li>▪ in the case of existing power plants/generating units from renewable sources for which the retrofitting projects lead to an increase of up to 15% of their total installed power compared to the value recorded in the valid connection certificate, the issuance of the technical connection approval is carried out within the maximum 3 months from the date of registration of the connection request and the complete documentation at the DO/TSO, with the exception of the case where there are justified concerns in terms of safety or there is a technical incompatibility with the system components.</li> </ul> </li> <li>▪ Procedures regarding the connection to the electric networks of public interest of places of consumption and production belonging to prosumers approved by ANRE Order no. 19/2022: <ul style="list-style-type: none"> <li>▪ description of the rules for connecting to an existing place of consumption/place of consumption and production of electricity production facilities from renewable sources of prosumers and demonstration projects, with installed powers of no more than 10.8 kW for three-phase or equivalent connections</li> </ul> </li> </ul> </li> </ul>

- of this power for connections other than three-phase ones.
- according to GEO no. 163/2022, *"in case of a decision approving the connection of the distribution operator or in the absence of a decision on his part, within one month from the notification, the installation or the aggregate production unit can be connected"*, the period between the date of the notification regarding the installation of generating units at a place of consumption/consumption and production or the connection of demonstration projects and the date of putting under voltage is a maximum of 1 month.

- **ANRE Draft order 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** - public consultation
  - clarifications regarding the use of the formula for calculating the size of the safety zone  $Z(\text{sig})$ , established in point 2.3 of Annex no. 6 to Norm;
  - the restriction regarding the application of the provisions of the Norm in the regulated passage corridor of the LEA, respectively in the area located between the limit of the safety zone and the limit of the regulated passage corridor, and their application only in the safety zone of the LEA, whose width is calculated with formula from point 2.3 of Annex no. 6 to Norm;
  - the conditions under which the risk analysis will be required have been specified, depending on the positioning of the objectives in relation to the safety zone and respectively in the area located between the limit of the safety zone and the limit of the standard passageway;
  - provisions were established regarding the placement of photovoltaic panels on the roofs of buildings.
- **ANRE Draft Order for the amendment and completion of ANRE Order no. 102/2015 for the approval of the Regulation on the establishment of solutions for connecting users to electric networks of public interest** - public consultation
  - addition to the list of situations in which the connection solution is established by the solution sheet:
    - of consumption places owned by authorized natural person users, individual businesses, family businesses and public institutions that connect to the low voltage network, regardless of the requested power;
    - of the places of consumption and production belonging to prosumers who own electricity production units from renewable sources with an installed power of no more than 400 kW per place of consumption;
    - of the local public authorities that have the capacity to produce electricity from renewable sources made, partially or totally, from structural funds, and that benefit from the suppliers with whom they have an electricity supply contract, on request, from the financial regularization service.
  - the introduction of the provision according to which the solution study must also contain connection options with the operational limitation of the maximum power that can be discharged into the network in situations/operating regimes with N-1 elements in operation that have the effect of overloading the network and, consequently, the impossibility of the network elements remaining in operation and of the network as a whole to operate for an unlimited time under these conditions.
  - the introduction of the provision according to which in the solution sheet or, as the case may be, in the solution study, it must be highlighted whether in the connection solution the electrical networks for which strengthening works have been executed or are being executed to create the technical conditions required to connect several production/consumption and production sites (general strengthening works), financed by users who benefit from the same strengthening works and whose utility installations are energized before the user's own utility installations. It is also stipulated that, in this case, the data on which the participation quotas due to the users who financed the strengthening works are calculated are to be specified in the solution sheet or in the solution study.
  - the elimination of the phrase dispatchable/non-dispatchable with regard to generating units/power plants, taking into account the provisions of ANRE Order no. 127/2021.
- **ANRE Draft order for the amendment and completion of ANRE Order no. 95/2018 regarding the approval of the mandatory clauses in the contracts for the provision of services in order to carry out the connection works to the electric grids of public interest** - public consultation
  - the proposed amendment refers to the price that TSO/DSO pays to the economic operator certified by ANRE for the provision of services for connection works to public interest electrical networks;
  - the provision according to which the price of the contract, initially estimated, is fixed is replaced by a provision that orders the updating of this price, corresponding to the effective consideration of the services performed for the realization of the connection installation. The price of the contract, initially estimated, represents the costs for making the connection installation established by the TSO/DSO through the connection tariff or, if the contract is concluded by the TSO/DSO with a specific designer and/or certified builder, chosen by the user, the price is the agreed following the negotiation between the economic operator and the user.
  - the price update will be carried out through an addendum to the contract.

	<ul style="list-style-type: none"> <li>▪ it is proposed to include a provision according to which the provisions of the order should apply including to users for whom, on the date of entry into force of the order, TSO/DSO have concluded contracts for the provision of services in order to carry out connection works to the public interest electrical networks, but for which the installations connection were not put into operation.</li> </ul> <p><b><u>b) Prosumers</u></b></p> <ul style="list-style-type: none"> <li>▪ <b>ANRE Draft Order for the modification and completion of the Methodology for establishing the rules for the commercialization of electricity produced in power plants from renewable sources with an installed power of no more than 400 kW per place of consumption belonging to prosumers, approved by ANRE Order no. 15/2022</b> – public consultation Draft order proposes: <ul style="list-style-type: none"> <li>▪ clarification on how to apply the quantitative compensation between the electricity consumed and the electricity produced and delivered in the electricity network by the prosumers who own RES electricity production units with an installed electric power of no more than 200 kW per point of consumption</li> <li>▪ detailing the method of settlement of the electricity produced and delivered in the electricity network at one or more places of production and consumption where they have the capacity of prosumers with the electricity consumed from the same electricity network at other places of production and consumption/places of consumption of them, a facility that was introduced by GEO no. 163/2022.</li> </ul> </li> </ul> <p><b><u>c) Storage</u></b></p> <ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 3/2023 regarding the approval of the Technical Norm "Technical requirements for connection to public interest electrical networks for electricity storage facilities and the notification procedure for connecting electricity storage facilities"</b> - effective from 20 January 2023 The norm was developed by the TSO, it establishes technical requirements for connected storage installations: <ul style="list-style-type: none"> <li>▪ individually to the public electricity network, classified in categories A, B, C and D in a similar way to electricity production facilities;</li> <li>▪ within the electricity production sites;</li> <li>▪ within the places of electricity consumption.</li> </ul> </li> </ul> <p><b><u>d) Distribution service performance standard</u></b></p> <ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 13/2023 approving the contract - framework for the provision of electricity in the universal service regime, the general conditions for the provision of electricity in the universal service regime and the invoice model applicable to household customers</b> - effective from 01 April 2023 Provisions related to the Standard distributed in <b>the contract - universal service electricity supply framework</b> - the compensations and penal interest that the household customer is entitled to receive for the supplier's non-compliance with the obligations stipulated in the Performance Standard for the activity of supplying electricity and for the non-compliance by the distribution operator with the performance indicators stipulated in the Performance Standard for the electricity distribution service, in force.</li> </ul>
<b><u>Conformity</u></b>	<ul style="list-style-type: none"> <li>▪ <b>Draft Order for the modification and completion of some orders issued by ANRE</b> - public consultation <ul style="list-style-type: none"> <li>▪ a period for appointing compliance agents nominated by DO/OI and approved by ANRE was introduced: 2 calendar years;</li> <li>▪ provisions were introduced regarding the obligations of the DO/OI before the expiration of the period for appointing the compliance agent: their obligation to make a nomination at least 60 calendar days before, in order to approve a new compliance agent by ANRE or the re-notification of the same compliance agent;</li> <li>▪ some provisions related to the attributions/obligations of the compliance agent were modified/completed in order to clarify/explain them;</li> <li>▪ aspects related to the documents that will accompany the compliance agent's report have been clarified in case there are issues that remain in disagreement regarding the relationship between the DO/OI and the compliance agent: Annex 3 to the Regulation)</li> <li>▪ some aspects related to the way of submitting to ANRE the reports drawn up by the compliance agencies and the documents accompanying the report were clarified;</li> <li>▪ a deadline was introduced for the publication by the DO/OI, on the website, of the compliance agent's report and, as the case may be, the table attached to it: until 31 January of the year following the year for which the report is made;</li> <li>▪ a term has been provided until which the approvals for the nomination of compliance agents issued by ANRE remain valid until the date of entry into force of this draft order: 31 December 2023;</li> <li>▪ a deadline has been introduced by which the DO of electricity/natural gas and the OI of natural gas must submit to ANRE the nomination of the compliance agent, together with the documents certifying compliance with the criteria of independence and professional capacity: 31 October 2023</li> <li>▪ the provisions of the following regulations were updated, in order to be in agreement with the provisions of the Regulation: <ul style="list-style-type: none"> <li>○ <i>The general conditions associated with the license for the provision of the electricity distribution service by the concessionaire economic operators of the electricity distribution service, approved by ANRE Order no. 73/2014;</i></li> </ul> </li> </ul> </li> </ul>

2023	
	<ul style="list-style-type: none"> <li>○ <i>The framework conditions of validity of the operating license of the natural gas distribution system approved by ANRE Order no. 84/2014;</i></li> <li>○ <i>The framework conditions of validity associated with the license for carrying out the operation of the underground natural gas storage system approved by ANRE Order no. 109/2018.</i></li> </ul>
<b><u>Commercial (Trading) Regulations</u></b>	<ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 5/2023 for the approval of the Regulation for the supply of electricity to final customers</b> - effective from 6 February 2023 <ul style="list-style-type: none"> <li>▪ the need to correlate the provisions of the Electricity Supply Regulation to final customers with the provisions of Law no. 123/2012 of electricity and natural gas, as amended and supplemented by GEO no. 143/2021, and Annex 1 to Directive (EU) 2019/944.</li> <li>▪ elimination of the provisions that refer to the activity of the DO in the relationship with the supplier and its obligations regarding its own activity</li> <li>▪ detailing the way in which DO ensures unrestricted, free and guaranteed access to the information in the database regarding the places of consumption connected to the electrical distribution network in the license area;</li> <li>▪ the introduction of the notion of an active client, the quality of an active client is certified, by the DSO/TSO, for: <ul style="list-style-type: none"> <li>a. participation in flexibility or energy efficiency programs, to which the customer's place of consumption is connected;</li> <li>b. the production of electricity, by the DSO/TSO to which the place of consumption and production is connected;</li> </ul> </li> <li>▪ elimination of the obligation to conclude the consumption agreement by the customer at the conclusion of the electricity supply contract;</li> <li>▪ the customer's possibility to ask the supplier to change the monthly values from the consumption agreement for a determined period, these being applied by the DO and the supplier starting with the 1st of the month following the one in which he received the new values;</li> <li>▪ the consumption data from the consumption agreement can be modified by the DO at any time during the execution of the electricity supply contract, including the data from the consumption agreement modified by the customer, in order to adapt to the actual consumption achieved;</li> <li>▪ DO has the obligation to verify the necessity of changing the data related to the consumption convention with the same frequency with which the reading of the index of the measurement group takes place. If the DO modifies the data in the consumption agreement, it transmits the modified values to the supplier;</li> <li>▪ the introduction of the obligation of the DO to ensure the reading of the index of the measurement group at a time interval of maximum 3 months in the case of places of consumption belonging to household customers, except for those integrated in the SMR;</li> <li>▪ in the event that the DO has not performed the reading within the time frame established by the legal provisions in force, in order to issue the regularization invoice, the latest self-read index and communicated by the client is used after the most recent index read and communicated by the DO. The regularization period cannot be longer than 3 years;</li> <li>▪ elimination of the conditions for concluding the distribution contract directly by the end customer; specifying that the conclusion of the distribution contract must be carried out by the final customer with the DO only if the place of consumption has several suppliers at the same time or is the subject of participation in the aggregation by an independent aggregator;</li> </ul> </li> <li>▪ <b>ANRE Order no. 13/2023 approving the contract - framework for the provision of electricity in the universal service regime, the general conditions for the provision of electricity in the universal service regime and the invoice model applicable to household customers</b> - effective from 01 April 2023 Provisions with impact on DO in <b>the contract - universal service electricity supply framework</b> - regulates the way in which the contracts in force are applied under the conditions of entry into force of the order and also provides that the price from the universal service offer is applied for a period of minimum 3 months. Provisions with impact on DO: <ul style="list-style-type: none"> <li>▪ the reading interval of the measurement group index is at most 3 months;</li> <li>▪ regularization of electricity consumption is done for a maximum of 3 months and is included in the first invoice issued after reading the index by the distribution operator (DO);</li> <li>▪ communication through the invoice of the time interval for reading the index of the measurement group by the DO representative;</li> <li>▪ invoicing based on the data established by the electricity consumption convention for the invoicing periods in which the index of the metering group is not read and the household customer does not transmit the self-read index;</li> </ul> </li> </ul>
<b><u>Compliance Regulation</u></b>	<i>No changes or additions to the legislation were issued until the moment of publication of this report.</i>
<b><u>Primary legislation:</u></b>	<i>No changes or additions to the legislation were issued until the moment of publication of this report.</i>
<b><u>Alignment with the European legislation - EU</u></b>	<b><u>Electricity market functioning</u></b> <ul style="list-style-type: none"> <li>▪ <b>ANRE Order no. 12/2023 for the approval of the Regulation regarding the organized framework for trading on the organized future electricity markets administered by the Electric Energy and Natural Gas Market Operator OPCOM S.A., which aims to simplify the organized framework for</b></li> </ul>

**Regulation no.  
943/2019:**

**trading electricity on the markets organized by future electricity, through the trading platforms managed by S.C. OPCOM S.A** – effective from 28 March 2023

Provides rules that refer to:

- the types of products that can be traded on the standardized and flexible term product markets;
- the method of establishing offers for the sale or purchase of electricity;
- the way of organizing auctions/trading sessions;
- the way of establishing transactions and contracting the traded energy;
- the way of managing and publishing information on participants, offers and concluded transactions.

- **ANRE Order no. 20/2023 for the approval of the Regulation on the organization and operation of the organized electricity market, administered by the Romanian Stock Exchange - S.A.** – effective from 05 April 2023

Provides rules that refer to:

- Introduction of a chapter on organized market segments
- The introduction of new products, namely flexible products and products derived from the field of electricity, settled by physical delivery
- Description of the trading mechanisms used
- Expanding market transparency information
- Introduction of requirements regarding the use of a liquidity provider

Upon entry into force of the order, ANRE Order no. 117/2022 for the approval of the Regulation on the organization and operation of the electricity futures contract market organized by the company Romanian Stock Exchange S.A., and within 30 days of approval, BRM publishes the operational procedures according to the Regulation entered into force.

- **ANRE Order no. 17/2023 for approval of the methodology for monitoring the wholesale electricity market** - effective from 03 April 2023
  - the purpose and scope of the methodology for monitoring the wholesale electricity market have been extended to include ANRE's monitoring obligations as a result of the changes brought about by the entry into force of Law 123/2012, and the increased complexity of the types of data/indicators required by the relevant European institutions (ACER/CEER);
  - update definitions/abbreviations used, reference documents referred to in the regulatory proposal and economic operators to which the provisions of the monitoring methodology apply;
  - taking into account the amendments made to Law no. 123/2012, the system of specific indicators for the markets on which electricity is traded (structure indicators, market efficiency/performance assessment indicators, market participant behaviour indicators) has been adapted and completed for each of the monitoring entities with responsibilities in the field (ANRE, NEMO and TSO).
  - for a clearer understanding of how to report and therefore for accurate, complete and timely reporting, additional details have been provided on the data required on the monthly templates submitted by market participants.
- **ANRE Order no. 18/2023 for approval of the methodology for monitoring the retail electricity market** - effective from 04 April 2023
  - the scope and coverage of the methodology for monitoring the retail electricity market have been extended to include ANRE's monitoring obligations as a result of the amendments to Law 123/2012 and the increased complexity of the types of data/indicators frequently requested by the relevant European institutions (ACER/CEER);
  - the system of indicators allows for a European approach to monitoring the retail electricity market, as they are developed in line with the public documents developed by CEER on the proper functioning of retail electricity markets in Europe, working tools for regulators in member countries.
  - for a clearer understanding of how to report and therefore for accurate, complete and timely reporting, the data aspects required on the monthly templates submitted by retail market participants have been detailed.
- **ANRE Draft Order regarding the repeal of ANRE Order no. 97/2013 for the approval of the rules regarding the purchase of electricity to cover own technological consumption related to electrical networks** - public consultation
  - Considering the fact that the provisions included in the ANRE Order no. 97/2013, regarding the acquisition by TSOs and DOs for NL coverage related to the electrical networks they operate, were taken over within ANRE Orders no. 213/2020, respectively no. 127/2021, with subsequent amendments and additions, it is proposed to repeal ANRE Order no. 97/2013, with subsequent amendments and additions.

### A.11.2.2 Supply segment

In 2023, with an impact on the electricity and natural gas supply activity, the following normative acts were adopted:

2023
<p><b>a. Primary legislation:</b></p> <ul style="list-style-type: none"><li>▪ <b>Law no. 5/2023</b> — Law on the amendment and completion of Law no. 220/2008 for the establishment of the system for the promotion of energy production from renewable energy sources<ul style="list-style-type: none"><li>- is amended and supplemented Law no. 220/2008 regarding the trading of green certificates after the expiration of the accreditation period, the recovery of improperly issued green certificates, etc.</li></ul></li><li>▪ <b>Law no. 15/2023</b>— Law on the approval of the Government Emergency Ordinance no. 3/2022 for the amendment and completion of the 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, as well as for completing Government Ordinance no. 27/1996 regarding the granting of facilities to people who live or work in some localities in the Apuseni Mountains and in the "Danube Delta" Biosphere Reserve<ul style="list-style-type: none"><li>- GEO no. 3/2022 is approved.</li></ul></li><li>▪ <b>OUG no. 32/2023</b> - Emergency Ordinance for amending and supplementing Government Emergency Ordinance no. 166/2022 regarding some measures to provide support to categories of vulnerable people for the compensation of the energy price, partially supported by external non-reimbursable funds.<ul style="list-style-type: none"><li>- GEO 166/2022 is amended/supplemented with the following specifications:<ul style="list-style-type: none"><li>• if several beneficiaries of the support are domiciled or reside at a place of consumption, it will be granted only once per place of consumption, regardless of whether or not it is the holder of the supply contract, provided that the place of consumption coincides with the domicile or the residence of the beneficiary of support, respectively with the address mentioned in the document that certifies the inclusion in one of the beneficiary categories;</li><li>• to make a payment by means of energy cards, the beneficiaries must present the following documents: the energy card valid on the date on which the payment is made, the identity document of the beneficiary, in original; supporting documents proving the current and/or outstanding debt to the energy supplier that must be issued after 1 January 2023 and for energy consumption after 1 February 2022 or, as the case may be, the debt validation certificate obtained from the homeowners association.</li></ul></li></ul></li><li>▪ <b>Law no. 206/2023</b> - Law on the approval of the Government Emergency Ordinance no. 153/2022 for the amendment and completion of the Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market during 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 Government Emergency Ordinance no. 119/2022 for the amendment and completion of the Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market during 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<ul style="list-style-type: none"><li>- GEO no. 153/2022 is approved (GEO no. 27/2022, GEO no. 119/2022 and GEO no. 153/2022 are amended), with modifications regarding the recognized average purchase price (it drops from 1300 lei/MWh to 900 lei/MWh), the regularization of non-domestic final customers, who did not benefit from capping in 2021, but who, depending on the consumption achieved in 2022, have the right to benefit (the deadline for regularization is the second semester of 2023), the application of the minimum price between the price resulting from the application of the GEO, the capped price and the contract price, the application of the adjustment component (failure to fulfill the obligations listed above is sanctioned with a fine of between 1% and 5% of the turnover).</li></ul></li><li>▪ <b>Law no. 237/2023</b> - Law on the integration of renewable and low-carbon hydrogen in the industry and transport sectors<ul style="list-style-type: none"><li>- has as its object the establishment of measures for fuel suppliers and for industrial hydrogen consumers, in order to integrate hydrogen from renewable sources and with low carbon emissions in the industry and transport sectors.</li></ul></li></ul>
<p><b>b. Secondary legislation:</b></p> <p>During the reference period, at the level of the regulatory framework, the following changes and additions were registered:</p> <ul style="list-style-type: none"><li>▪ <b>ANRE order no. 5/2023</b> — Order for the approval of the Regulation for the supply of electricity to final customers, as well as for the modification and completion of some orders of</li></ul>



the ANRE president:

- enters into force on 06 February 2023 (with the exception of some provisions that have other application dates);
  - the Regulation on the supply of electricity to final customers is approved;
  - the framework contract for the provision of the electricity distribution service concluded between the concessionaire distribution operator and the supplier (approved by ANRE Order no. 90/2015) is amended/completed, the Methodology for setting tariffs for the electricity distribution service by operators, other than concessionaire distribution operators (approved by ANRE Order no. 102/2016);
  - is repealed ANRE Order no. 235/2019 for the approval of the Regulation for the supply of electricity to final customers, ANRE Order no. 171/2020 for the approval of the Electricity Supply Conditions by the suppliers of last resort, ANRE Order no. 181/2018 for the approval of the Procedure regarding the regime of financial guarantees established by final customers at the disposal of electricity suppliers and for the amendment of the Regulation on the supply of electricity to final customers, ANRE Order no. 85/2015 for the approval of the tripartite framework agreement concluded between the supplier, the network operator and the final customer of the network contract and of the multiparty framework agreement concluded between the final customer, suppliers and the network operator, ANRE Order no. 96/2015 for the approval of the Regulation regarding the activity of informing final customers of electricity and natural gas;
  - through the Regulation on the supply of electricity to final customers, new notions were introduced regarding the supply contract with dynamic prices (obligation to make an offer/contract with dynamic prices for EFSA) and active customers with new obligations for the supplier (existing condition of the energy supply contract both for the place of consumption and for the place of consumption and production);
  - the main provisions amended/supplemented by the new Regulation are:
    - o to the vulnerable client, they included among the facilities granted and the deferment of the payment of the invoice, upon request, for a period of at least 3 months (submission to the provider with whom he has access to medical documents for people who require life support by electrical devices for the insurance continuity of supply);
    - o the acceptance of household customers was extended with new categories;
    - o to the standard offers for non-households, the definition of microenterprise from L123 has been aligned (categorization by consumption, not by turnover/number of employees). The obligation to display standard offers at the single points of contact has disappeared. In the information of the offer, the unit value of the taxes / commissions / fees / contributions will be entered. It is no longer mandatory to include the main conditions from the contract in the offer, but new elements are introduced, to be included in the offer;
    - o a place of consumption can be supplied by several suppliers without being conditioned by the power of 1 MW.
    - o the minimum elements of the tripartite/multipartite convention are specified without imposing a framework convention;
    - o in the contract, the unit value of the taxes / commissions / fees / contributions will be entered in the same way as in the offer. A new price element appears - Final invoiced price = supply price + all fees, taxes unit). At the conclusion of the contract, the supplier's web page must contain links to POSF;
    - o when invoicing, there are explicit mentions of normative acts incident to the period of application (i.e. capping). For all household customers (including eligible household - competitive) and SoLR customers, the billing period is monthly. For all household customers, for consumption made starting from 01 April 2023, the invoice model for SU is respected. All invoices for consumption registered starting from 01 April will contain a minimum set of information. New clauses for payment scheduling.
- **ANRE order no. 9/2023** — Order regarding the establishment of the mandatory quota for the purchase of green certificates for the year 2022
- the mandatory rate for 2022 was set at the level of 0.4934314 CV/MWh (compared to 0.5014313 CV/MWh the estimated rate for 2022 and 0.449792 CV/MWh the mandatory rate for 2021);
  - enters into force on 01 March 2023.
- **ANRE order no. 10/2023** — Order for the approval of the Methodology regarding the determination of the minimum stock level of natural gas that the holders of the natural gas supply licenses have the obligation to constitute in the underground storage warehouses
- the Methodology regarding the determination of the minimum natural gas stock level that the holders of the natural gas supply licenses are obliged to set up in the underground storage warehouses is approved - Natural gas suppliers, for the quantities delivered to final customers (PET direct customer) who have opted for the purchase of natural gas directly from natural gas producers, fulfill their obligation regarding the establishment of the minimum stock of natural gas by:
    - o storing natural gas in one's own name, by concluding contracts for underground natural gas storage with one of the holders of the license to operate underground natural gas storage systems; and/or
    - o the conclusion, by 31 May of each year, of sales-purchase contracts whose object is natural gas quantities from underground natural gas storage facilities, stored by another natural gas supplier; and/or
    - o concluding mandate contracts with another supplier, in order to store natural gas.
- **ANRE order no. 14/2023** — Order regarding the modification and completion of some orders of the president of the National Energy Regulatory Authority and repealing the Order of the president of the National Energy Regulatory Authority no. 96/2015 for the approval of the Regulation on the activity of informing end customers of electricity and natural gas
- amendment of the Regulation regarding the supply of natural gas to final customers, approved by Order of the President of ANRE no. 29/2016; definitions were introduced for each of the components of the final invoiced price; it has been stipulated that in the case of vulnerable customers it is possible to pay the invoice in installments, upon request, for a period of

at least 3 months or agreed upon by the parties; the provisions of the Regulation were correlated with those of Order 3/2022 - POSF; the mandatory information to be included in the invoice has been updated, establishing the essential priority information that must be included on the first page of the invoice, so that the end customer knows the invoiced consumption and how much he has to pay for it, and on the second page of the invoice to detail this priority information;

- amendment of ANRE Order no. 106/2014 regarding the methods of informing end customers by natural gas suppliers regarding the commercial conditions of natural gas supply; the provisions related to the content of the standard offer have been completed/detailed, in the sense of detailing the final price per component; a provision was included according to which it must be specified whether the price of natural gas within the standard offer is fixed or variable;

- the repeal of ANRE Order no. 96/2015, regarding the provision of information to final natural gas customers by suppliers

- **ANRE order no. 13/2023** — Order for the approval of the framework contract for the supply of electricity in the universal service regime, the general conditions for the supply of electricity in the universal service regime and the invoice model applicable to household customers
  - the following is approved: The framework contract for the supply of electricity in the universal service regime - annex no. 1, General conditions for the supply of electricity in the universal service regime - annex no. 2, Electricity bill model - annex no. 3;
  - the main provisions: the general conditions for the supply of electricity in the universal service regime are published by the suppliers on their own website and are made available to household customers, in printed format, upon their request; invoices issued by electricity suppliers to household customers for electricity consumption made starting from April 2023 will respect the invoice model (the color, type and size of the font can be set by the suppliers); the price of electricity from the universal service offer is valid for a period of at least 3 months; until 31 March 2024, the electricity suppliers who have universal service customers in their portfolio communicate to these customers the electricity supply contracts issued pursuant to this order; electricity suppliers have the obligation to publish on their website the framework contract and the general conditions for the supply of electricity in the universal service regime within 5 days from the date of entry into force of this order and to communicate to household customers from the portfolio the access link to the contract and to the general conditions for the provision of electricity in the universal service regime, with the first invoice issued after the entry into force of this order.
  - is repealed ANRE Order no. 88/2015
- **ANRE order no. 15/2023** — Order on the approval of the Natural Gas Market Monitoring Methodology
  - the modification and completion of the Methodology for monitoring the natural gas market, by integrating all aspects regarding the monitoring of the wholesale market, which appeared once REMIT came into force; the responsibilities according to REMIT, specific to the owners of the administration of centralized markets and TSOs, were included; provisions were introduced regarding the forms that each license holder must report separately, with their clear identification - updating and creating new reporting forms;
  - is repealed ANRE Order no. 5/2013 for the approval of the Natural Gas Market Monitoring Methodology
- **ANRE order no. 16/2023** — Order for the amendment and completion of the Regulation on the last resort supply of natural gas, approved by the Order of the President of the National Energy Regulatory Authority no. 173/2020
  - amending and supplementing the Regulation on the last resort supply of natural gas:
  - the provisions relating to the natural gas distribution contract that SoLR is obliged to conclude with the distribution operators have been amended so that they are consistent with the provisions of ANRE Ord. no. 3/2022 – POSF; Annex no. 5 was modified, respectively the model of the takeover request, so that it is consistent with the provisions of Ord. ANRE no. 29/2022 - Regulation on the supply of natural gas to final customers; Annex no. 6 was introduced - The method of appointing the SoLR for places of consumption with an annual consumption of more than 28,000 MWh of each PET for the situation where they have not ensured the supply of natural gas to cover the consumption requirement, fully or partially, during the period of application of the support scheme; a mechanism was created through which, during the application of the support scheme approved by GEO 27/2022, for consecutive periods of 12 months starting from 01 April 2023 – 31 March 2024, ANRE appoints SoLR, among those already appointed, for the places of consumption with an annual consumption greater than 28,000 MWh of each PET where thermal energy is produced; the deadlines for requesting the activation of the advance payment option by the end customer were changed and a deadline for the transmission of the supply contract by SoLR was introduced.
- **ANRE order no. 19/2023** — Order for the amendment of the green certificate invoicing procedure, approved by the Order of the president of the National Energy Regulatory Authority no. 187/2018
  - updating the aspects related to data reporting by electricity suppliers that invoice electricity to final consumers, regarding the mode and format of reporting carried out through the ANRE Portal, structured on information regarding the monthly billing of green certificates and information regarding the annual regularization of the counter value of green certificates;
- **ANRE order no. 22/2023 – 27/2023** — Order regarding the approval of specific tariffs for the electricity distribution service and the price for reactive electricity at Societatea E-Distributie Banat — S.A., Societatea E-Distributie Dobrogea — S.A., Societatea E-Distributie Muntenia — S.A., Societatea Delgaz Grid — S.A., Societatea Distributie Energie Oltenia — S.A., Societatea Distributie Energie Electrica Romania — S.A.
  - there are increases in all specific tariffs for the electricity distribution service, the biggest increases being at Distributie Energie Electrica Romania SA - Muntenia Nord of about 30%;
  - the tariffs for low voltage for Distributie Energie Electrica Romania are higher by 8.3% - 31.2% compared to the first quarter of 2023 (at DEER there were increases for all categories, respectively the lowest increase was 8.3% at LV - Transilvania South and the biggest increase of 33.7% in HV-Muntenia Nord);

- the new rates are applicable from 01 April 2023;
- **ANRE order no. 28/2023** — Order on the approval of 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 electricity reactive, practiced by the National Electric Energy Transport Company "Transelectrica" — S.A.
  - the new rates are applicable from 01 April 2023;
  - the average tariff for the electricity transmission service is 31.20 lei/MWh – 11% increase;
  - the transport tariff - the component of introducing electricity into the network - TG is 4.04 lei/MWh - 59.7% increase;
  - the transport tariff - the component of electricity extraction from the network - TL- is 27.44 lei/MWh - 7.3% increase.
- **ANRE order no. 17/2023** — Order on the approval of the Electricity Retail Market Monitoring Methodology
  - updating the Methodology by updating the methodological principles underlying the activity of monitoring the electricity retail market with the requirements of the regulatory framework in force and, considering the multitude of changes; proposes ways to evaluate the level of efficiency and competition on the electricity retail market, to identify the elements that can lead to a decrease in performance in the supply activity, to evaluate the behavior of suppliers in the relationship with end customers and to identify those practices or behaviors that raises suspicions of violation of competition principles.
  - is repealed ANRE Order no. 167/2019 regarding the approval of the Methodology for monitoring the electricity retail market and ANRE Order no. 205/2018 regarding the approval of the Electricity Market Monitoring Methodology for final customers served by last resort suppliers
- **ANRE order no. 18/2023** — Order regarding the approval of the Methodology for monitoring the wholesale electricity market
  - modifying and completing the Methodology by updating the methodological principles and updating the system of indicators used in the monitoring activity; the scope and scope of the methodology were extended in order to include the monitoring obligations of ANRE as a result of the amendments made to the Electricity and Natural Gas Law no. 123/2012 and the increase in the complexity of the types of data/indicators requested by the competent European institutions (ACER/CEER); the system of specific indicators for the markets on which electricity is traded was adapted and completed (structure indicators, market efficiency/performance evaluation indicators, market participants' behavior indicators) for each of the monitoring entities with responsibilities in the field (ANRE, OPEE and TSO); the aspects related to the data requested on the monthly models sent by the market participants were additionally detailed; the reporting deadlines for market participants, OPEE and TSOs were specified; the submission of market participants/OPEE/TSO reports and OPEE/TSO reports in text format has been completely eliminated.
  - is repealed ANRE Order no. 67/2018 for the approval of the Methodology for monitoring the wholesale electricity market.
- **ANRE order no. 20/2023** — Order regarding the approval of the Regulation on the organization and operation of the organized electricity market, administered by the Romanian Stock Exchange — S.A.
  - the Regulation on the organization and operation of the organized electricity market, administered by Societatea Bursa Romana de Marfuri - S.A. is approved, and this simplifies the organized framework for electricity trading on the organized future electricity markets, through the trading platforms managed by Societatea Bursa Romana de Marfuri - S.A.; a chapter on organized market segments is introduced; new products are introduced, namely flexible products and products derived from the field of electricity, settled by physical delivery; market transparency information is expanded; requirements are introduced regarding the use of a liquidity provider.
  - the order enters into force on 05 April 2023; is repealed ANRE Order no. 117/2022.
- **ANRE order no. 56/2023** - Order for the amendment and completion of the Regulation for the issuance of green certificates, approved by the Order of the President of the National Energy Regulatory Authority no. 4/2015
  - the amendment of the Regulation on issuing green certificates, approved by ANRE Order no. 4/2015 so that: in the case of producers from renewable energy sources (E-SRE) using biomass as a renewable energy source as fuel or raw material, green certificates (GC) are issued only for E-SRE produced from biomass accompanied by certificates of origin regardless of the weight of the energy content of the biomass accompanied by certificates of origin in the total energy content of the fuel used in the respective power plant; in situations of alienation of an accredited power plant, the green certificates deferred from trading according to the provisions of the law can be transferred to the new holder of the respective power plant, in order to be traded by him; the amounts of biomass provided in the certificates of origin issued by the relevant ministries under the law and which exceed the biomass consumption of the ESRE producer in the period provided in the certificates of origin can be carried over and used in subsequent periods of time, with the exception of those in the certificates of origin issued as a result of final court rulings that provide for the biomass use period.
- **ANRE order no. 59/2023** - Order regarding the approval of the Procedure for the recovery of improperly issued green certificates and for the amendment of the Regulation for the issuance of green certificates, approved by the Order of the President of the National Energy Regulatory Authority no. 4/2015
  - the Procedure for the recovery of improperly issued green certificates is approved, which establishes the recovery mechanism for improperly issued green certificates - the TSO develops its own procedure for the recovery of improperly issued GCs, including those related to the recovery interest;

- if the accredited E-SRE producer, who benefited from improper green certificates, does not hold green certificates and no longer meets the conditions for issuing green certificates for trading, the recovery of improperly issued green certificates is carried out by purchasing green certificates from the anonymous centralized spot market of green certificates (after its registration in this market component of the green certificates market).
- **ANRE order no. 57/2023** - Order for the amendment and completion of the Regulation on the organization and operation of the green certificates market, approved by the Order of the President of the National Energy Regulatory Authority no. 77/2017
  - amending the Regulation on the organization and operation of the market of green certificates, so that, in situations of disposal of an accredited power plant, the green certificates held in the account of the selling producer at the date of disposal, including those postponed from trading according to the provisions of the law, can be transferred to the new owner of the respective power plant, in order to trade them by him, if provisions to this effect are included in the alienation contract concluded between the parties;
  - the inclusion of a new category of ANRE license holders, represented by economic operators who own electricity storage facilities that are not located in the facilities of an electricity producer, as participants in the PCV as economic operators with an obligation to purchase GC;
  - the inclusion of a new transaction session on PCSCV for each quarter of analysis, respectively on the 18th working day of the month following each quarter, in order to enable the completion of the purchase of GC by economic operators with the obligation to purchase GC, for each analysis quarter, according to the published list.
- **ANRE order no. 58/2023** - Order for the modification and completion of the Methodology for establishing the mandatory annual quota for the purchase of green certificates, approved by the Order of the President of the National Energy Regulatory Authority no. 96/2022
  - the modification of the Methodology for establishing the mandatory annual quota for the purchase of green certificates for the regulation of the situation of an economic operator who has a final decision by which a court established/establishes, as the case may be, the recovery by the respective economic operator of a sum of money related to some GCs that he purchased in a previous period, including the accessories to it, by applying an algorithm;
  - amending the Methodology by including provisions regarding the obligation to purchase green certificates for a new category of ANRE license holders, represented by economic operators who own electricity storage facilities that are not located in the facilities of an electricity producer.
- **ANRE order no. 63/2023** - Order on the approval of the Rules necessary for the adoption of the Hydrogen Code
  - establishes the guidelines for the transformation or conversion of the natural gas distribution system in order to prepare it for the injection of quantities of hydrogen produced by using renewable energy sources;
- **ANRE order no. 67/2023** - Order regarding the approval of the tariff for the purchase of system services for the transport and system operator Compania Nationala de Transport al Energiei Electrice "Transelectrica" — S.A.
  - the tariff for the purchase of system services practiced by the National Electric Power Transport Company "Transelectrica" - S.A., valid from 1 June 2023, is 6.64 lei/MWh, down 14% compared to the previous tariff;
- **ANRE order no. 68/2023** - Order on the approval of regulated income, corrected regulated income and transport tariffs for the activity of natural gas transport through the National Transport System
  - the capacity reservation rates related to firm and interruptible long-term and short-term transport services for the group of entry/exit points (gr) are approved, as well as the volumetric rate for the use of the National Transport System, for the period of 1 October 2023 —30 September 2024. The order enters into force on 1 June 2023;
- **ANRE order no. 70/2023** - Order 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 electric network
  - is modified the ANRE Ord. no. 59/2013 – Regulation regarding the connection of users to public interest electricity networks;
  - is modified the ANRE Ord. no. 19/2022 – The procedure regarding the connection to the electricity networks of public interest of the places of consumption and production belonging to the prosumers. An opportunity is provided for prosumers who purchase the electricity metering group or the fully equipped metering and protection block including the electricity metering meter to make it available to the distribution operator. A new chapter is introduced regarding the rules for connecting to a place of consumption place of consumption and existing production of installations for the production of electricity from renewable sources of prosumers and demonstration projects, with an installed electric power lower than or equal to 10,8 kW times equivalent for connections other than three-phase connections, as an exception to the prosumer connection rules. The notion of aggregate generating units appears, which means the sum of the generating units belonging to several prosumers that are connected to the electrical grid through a single connection facility. The order enters into force on 31 May 2023.
- **ANRE order no 71/2023** - Order regarding the approval of the regulated tariff for electricity exchanges with the perimeter countries, practiced by Compania Nationala de Transport al Energiei Electrice "Transelectrica" — S.A.
  - is approved the regulated tariff for electricity exchanges with peripheral countries of 3.0 euro/MWh, exclusive of VAT, applied by the National Electric Power Transport Company "Transelectrica" - S.A., tariff applied to all import, export and transit transactions of electricity, programmed with the electric energy systems of the perimeter countries.
  - the order enters into force on 15 June 2023.

- **ANRE order no. 75/2023** - Order amending the Order of the President of the National Energy Regulatory Authority no. 123/2017 regarding the approval of the contribution for high-efficiency cogeneration and some provisions regarding its invoicing method.
  - the contribution for high-efficiency cogeneration is approved at the value of 0.00219 lei/kWh, exclusive of VAT;
  - the order enters into force on 1 July 2023.
- **ANRE order no. 76/2023** - Order regarding the amendment of the annex to the Order of the President of the National Energy Regulatory Authority no. 139/2022 for the approval of the tariffs charged by the designated Operator of the electricity market.
  - the tariffs charged by the designated operator of the electricity market corresponding to the services provided for the performance of the activities, valid from 1 July to 31 December 2023, are: Administration tariff - category A of participants – 14.648 lei/participant/year, Administration tariff - category A Participant B – 24.414 lei/participant/year, Transaction rate- 0.29 lei/MWh.
- **ANRE order no. 77/2023** - Order for the amendment of the Regulation regarding the organized framework for trading standardized products on the centralized natural gas markets administered by the Romanian Stock Exchange — S.A. (Romanian Commodities Exchange — S.A.), approved by Order of the President of the National Energy Regulatory Authority no. 95/2021
  - the Regulation on the organized framework for the trading of standardized products on the centralized natural gas markets administered by the Romanian Commodities Exchange Company is amended by amending the standardized products traded on the basis of the counterparty mechanism, in accordance with its specific rules.
- **ANRE order no. 78/2023** - Order for the amendment of the Regulation on the operation of the centralized market for electricity from renewable sources supported by green certificates, approved by the Order of the President of the National Energy Regulatory Authority no. 160/2019
  - the Regulation on the operation of the centralized market for electricity from renewable sources supported by green certificates is amended by changing the definition of the participant in the centralized market for electricity from renewable sources supported by green certificates and it is specified that the contracts contain provisions that must comply with a set of principles (the designated participant concludes the contract in his own name and fully assumes all rights and obligations regarding the traded electricity, the contract contains individual rights and obligations regarding the delivery of GCs of the members of the aggregate entity who traded GCs during the auction session following to which the contract is concluded, etc.).
- **ANRE order no 81/2023** - Order regarding the amendment of the Order of the President of the National Energy Regulatory Authority no. 10/2023 for the approval of the Methodology regarding the determination of the level of the minimum stock of natural gas that the holders of the licenses for the supply of natural gas have the obligation to constitute in the underground storage warehouses
  - the maximum deadline for concluding sales-purchase contracts whose object is quantities of natural gas originating from underground natural gas storage depots, stored by another natural gas supplier from 31 May to 31 October is extended.
  - the provisions relating to the change in the CC and PET end customer portfolios are completed as a result of the exercise by the end customers of the right to change the natural gas supplier or as a result of the termination of the natural gas supply contracts and the transfer of the quantities of natural gas stored and of reserved and unused capacity.

Source: Electrica

### 11.3. Details of the main investments of Electrica Group during the first semester of 2023

During 1 January 2023 – 30 June 2023, the most significant investments of Electrica Group are the following:

DESCRIPTION	Value (RON mn.)
<b>MUNTENIA NORD</b>	
WFM - IT tool for planning and monitoring in the field the resources (humans, vehicles, devices, materials, equipment) involved in business processes: operation, maintenance, investment works with own construction teams, network access, measurement. Implementation of an integrated resource planning system - Workforce Management	7.1
Modernization of 110 kV substation Hipodrom, replacement of power transformers Trafo 1 (110/20/6kV) and Trafo 2 (110/20/6kV)	5.7
Voltage level improving in localities Baldana, Tartasesti, Gulia, commune Tartasesti, DB	4.7
Modernization and integration in SCADA of substation Potlogi 110/20 kV	4.5
Modernization and consolidation of hardware infrastructure and software of the SAP system [SAP-DEER] 2022_lot1 - OBJECT 2+OBJECT 1	3.8
ELA ENERGY network reinforcement	3.7
Modernization and integration in SCADA of substation Zatna 110/20 kV, Braila County	3.6
Improving technical conditions of electricity supply and voltage level for consumers in commune Fulga, Prahova County	3.5
Modernization of LV OHL and connections – meters in the area of PTA3161, PTA3251, PTA3320, Iazu locality, Cojasca Commune, Dambovita County	3.4
Modernization of the 110 kV substations: Filesti, SNG, Tecuci, Ionasesti - replacement of 110/6kV power transformers - 4 pcs	2.8
Improving technical conditions for electricity supply for consumers in Rizanesti area - Valenii de Munte City	2.7
Modernization of network and connections in Homocea, Vrancea County	2.4
Modernization of OHL 20 kV by replacing insulation and conductors (OHL 20 kV Urleasca - SR Ramnicelu, OHL 20 kV Lacu Sarat - SRPD 1-4, OHL 20 kV Romanu - T. Vladimirescu and OHL 20 kV Gropeni - Tichilesti)	2.2
Network modernization in Zidari neighborhood, RM Sarat Municipality, Buzau County	2.0
Network modernization in Tataru and Maicanesti localities, Maicanesti Commune, Vrancea County	1.9
Network modernization in CA Rosetti Commune, Buzau County, villages: Cotu Ciorii sand Balteni - vol 1; Lunca - vol 2; Balhacu, CA Rosetti and Vizireni- vol 3	1.9
Voltage level improving for consumers in Odobesti Commune, Dambovita County, localities: Ziduri, Crovu, Brancoveanu and Miulesti	1.9
Modernization of 0.4kV OHL and connections for consumer in Movila Miresii locality	1.9
Improving technical conditions of supply and the voltage level for consumers supplied with electricity from PTA 3023 Palanca, Palanca village, Rafov commune, Prahova County	1.6
SDEE Ploiesti network modernization, for blocks of flats in Ploiesti Nord neighborhood, Prahova county - STAGE II	1.6
Switching the electricity distribution network from 6kV to 20kV, Floresti locality	1.5
Voltage level improving and modernization of LV OHL and connections for consumers from the area of PTA 3038 & PTA 3128 Varnita area, Prahova County	1.5
Modernization of network and connections in Sihlea locality, Vrancea County	1.4
Modernization of secondary substations fed from UGC 20kV Blocks 1, Blocks 2, IPL, Trainica 1, Trainica 2, Pucioasa city, Dambovita County	1.3
Voltage level improving for consumers PT6156, 6061, 6060,6129,6222,6062 area Racari, Dambovita County	1.2
Network modernization in area of PTA 5776 no.1 and PTA 5778 CIA, Sendreni locality, Galati County	1.2
Modernization of headquarters and premises used by operational and measurement teams Moreni, Pucioasa, Targoviste from COR MV LV Targoviste	1.2
Modernization of Plopeni 20/6 kV substation; mounting of neutral point treatment 6 kV	1.1

DESCRIPTION	Value (RON mn.)
Installation of security, access control, video surveillance, fire detection and signaling systems for 12 facilities: COR MT JT Valeni headquarters; 20 kV Mihai Bravu substation + COR MT JT Ploiesti; PE Mizil; 20 kV Sinaia + PE Sinaia substation; 20 kV Slanic + PE Slanic substation; PE Boldesti; 110 kV Floresti substation (system update) + PL Floresti + Floresti Central Warehouse; 110 kV Tatarani substation (system update) + PL Tatarani; 110 kV Urlati + PL Urlati substation; Baltesti 110 kV substation (system update); 110 kV East Ploiesti substation (system update); 110 kV Crang substation connection pole; Route of cable connection to Movila Vulpiei station	1.1
Voltage level improving for consumers supplied with electricity from PTA2043 Mocesti, Iordacheanu Commune, Prahova County	1.1
Improving technical conditions of supply and the voltage level for consumers in Conduratu Village, Baba Ana Commune, Prahova County	1.0
<b>TRANSILVANIA SUD</b>	
Modernization of the 20 kV UGC in the area of 220/110/20 kV Alba Iulia Substation, Alba Iulia municipality, Alba County	3.6
Modernization of 20 kV network in the area of Bulevardul Revolutiei 1989, Alba Iulia Municipality, Alba County	4.6
Modernization of 20 kV network in the area of Piata Iuliu Maniu, Alba Iulia Municipality, Alba County	3.1
Modernization of 20 kV network in Lipoveni neighborhood, Alba Iulia Municipality, Alba County	3.2
Modernization of 20 kV network in Maieri neighborhood, Alba Iulia Municipality, Alba County	5.2
Modernization of 0.4 kV network and securing connections, Dumbrava Rosie str., Miraslau, Rovine, Valea Alba, loc. Brasov, Brasov County	1.5
Increasing the reliability of supply OHL 20 KV Premeir -Ozun, Covasna County	2.9
Reserve supply of 20 kV busbars - Sanpaul Substation, Mures County	1.6
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS – Cugir, Teius, Lupsa, Sebes	2.1
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS –Sf. Gheorghe, Campu Frumos, Covasna, Capeni	1.2
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS –Cic, Tarnaveni, Mureseni, Reghin, Raci	1.7
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS – substations Aeroport, Aurel Vlaicu, Cartisoara, Orlat, Dumbrava	1.3
Voltage level improving and network modernization in the area of PT5 Bod & PT1 Bod, commune Bod, Brasov County	6.9
Modernization of 0.4 kW network and connections, Gheorghe Doja Street (Piata Victoriei-Piata Garii section) and Piatra de Moara, Targu Mures city, Mures County	1.2
Modernization of 0.4 kV network and connections in streets Budiului, Bega(partia) & Mestecanisului (partial), Targu Mures City, Mures County	1.7
Modernization of 0.4 kV network in the area Hipodrom 1,2,3, Sibiu city, Sibiu County	3.2
Modernization of 0.4 kV network in Dumbraveni locality, Sibiu County	6.0
Modernization of 0.4 kV network in Richis village, Biertan Commune, Sibiu County	1.6
Modernization of 0.4 kV network in Dealu Frumos village, Merghindeal Commune, Sibiu County	1.5
Modernization of 0.4 kV network in Mosna Commune, Sibiu County	1.3
Modernization of 0.4 kV network in Merghindeal Commune, Sibiu County	1.2
Increasing the capacity of 20 kV network in Drumul Poienii – Schei area, Brasov city, Brasov County	1.9
Modernization of LV network in Odorheiu Secuiesc locality, Rakoczi Ferencz street, Harghita County	1.5

DESCRIPTION	Value (RON mn.)
Voltage level improving and modernization of 20 kV OHL, 0.4 kV OHL and connections in Singeorgiu de Mures and Cotus localities, Mures County, Volume I- Cotus and Tofalau villages	1.4
Modernization of 0.4 kV network and connections, Cuza Voda, Tusnad and Cardinal Iuliu Hossu streets, Targu Mures Municipality, Mures County	1.9
<b>TRANSILVANIA NORD</b>	
Modernization of switching equipment related to MV OHL for the Cluj-Napoca Distribution Branch, Cluj County	1.1
Network modernization in Cluj-Napoca Municipality, Mihail Kogalniceanu Street and adjacent streets area, Cluj County	1.3
Increasing electricity supply reliability in Floresti, Cluj County – Vol. 6 Modernization Iazuri Distributor	2.0
Construction of UGC between OHL 20 kV Vadu Crisului – Bauxita Cornet and Suncuius-Recea to increase electricity supply reliability	1.2
Improving the electricity distribution service in 110/20kV CET 2 Oradea Substation	2.3
Construction of MV UGC to increase the electricity supply reliability in Matei Corvin area, Oradea Municipality, Bihor County	3.2
Metal cabin secondary substations switchover to 20 kV, in Baia Mare locality- 20 secondary substations	4.1
Installation of photovoltaic panel systems to cover the electricity own consumption needs of the administrative offices and substations in Maramureş County, belonging to DEER SA - SR Baia Mare	1.1
Modernization and switchover to 20 kV of secondary substations PTZ 7 and PTA 64, Sighetu Marmatiei, Maramures County	1.7
Modernization of OHL 20 KV Craidorolt, Satu Mare County	1.5
Increasing electricity supply reliability of OHL 20 kV Halmeu- feeder Turt, Satu Mare County	1.6
Modernization and relocation of pole mounted secondary substation PTA Negrilesti, PTA Negrilesti 2, PTA Negrilesti 3 and modernization of LV OHL and connections in area of PTA Negrilesti, PTA Negrilesti 2, PTA Negrilesti 3, PTA Negrilesti 4, Negrilesti locality, Satu Mare County	1.0

Source: Electrica

During first semester of 2023, the largest transfers from tangible assets in progress to tangible assets, representing mainly commissioning of investments, are the following:

DESCRIPTION	Value (RON mn)
<b>MUNTENIA NORD</b>	
Implementation of an integrated resource planning system - Workforce Management	
WFM - IT tool for planning and monitoring in the field the resources (humans, vehicles, devices, materials, equipment) involved in business processes: operation, maintenance, investment works with own construction teams, network access, measurement.	7.1
Modernization and integration in the SCADA of the 110/20/6 kV Buzau East substation	4.0
Improving technical conditions of supply and the voltage level for consumers in Fulga Commune, Prahova County	3.7
Modernization and consolidation of the SAP system hardware infrastructure and software [SAP-DEER] 2022_lot1 - OBJECT 2+OBJECT 1	3.7
Improving technical conditions of electricity supply for consumers in Rizanesti area, Valenii de Munte City	2.8
Neutral point treatment replacing in 110/20 kV Vanatori and Liesti substations	2.8
Modernization of the 110 kV Hippodrome substation, replacement of power transformers Trafo 1 (110/20/6kV) & Trafo 2 (110/6kV)	2.5
Modernization of 20/6kV Grup Scolar Sinaia substation	2.0
Realization of coexistence conditions with the existing electrical networks, requested for obtaining the placement permit for the Galati ring road, between Brailei street (DN25) and Calea Prutului Street (E87), Galati municipality	1.9



DESCRIPTION	Value (RON mn)
Increasing the power supply reliability of consumers supplied from 20 kV OHL Plavia, Iordacheanu feeder and 20 kV OHL Mizil, Fantanele feeder	1.4
Increasing the power supply reliability of consumers supplied from OHL 20 kV Plopu – loop between OHL 20 kV Plopu and OHL 20 kV Pleasa 2, Prahova County	1.4
Modernization of distribution network and voltage improving in PTA 5447 nr 1 and PTA 5449 area, Cismele locality, Smardan Commune	1.3
Integration of “industrial & commercial consumers” from SDEE MN SROR Ploiesti in automatic meter reading systems-- 1699 pcs.	1.1
Voltage level improving for consumers in PTA2043 area, Iordacheanu commune, Prahova County	1.1
Modernization of LV distribution network in Matca locality, Galati County, area of PTA 4207 Matca 2 si PTA 4206 Matca, stage 1	1.1
Modernization of secondary substations fed from 20 kV OHL Blocuri, 110/20kV Titu substation, Titu town, Dambovita County	1.1
Improving technical conditions of supply and voltage level for consumers in Conduratu Village, Baba Ana Commune, Prahova County	1.1
Installation of security, access control, video surveillance, fire detection and signaling systems for 12 facilities: COR MT JT Valeni headquarters; 20kV Mihai Bravu substation + COR MT JT Ploiesti; PE Mizil; 20 kV Sinaia + PE Sinaia substation; 20 kV Slanic + PE Slanic substation; PE Boldesti; 110 kV Floresti substation (system update) + PL Floresti + Floresti Central Warehouse; 110 kV Tatarani substation (system update) + PL Tatarani; 110 kV Urlati + PL Urlati substation; Baltesti 110 kV substation (system update); 110 kV East Ploiesti substation (system update); 110 kV Crang substation connection pole; Route of cable connection to Movila Vulpiei substation	1.1
<b>TRANSILVANIA SUD</b>	
Modernization of 0.4 kW network in Hipodrom 1,2,3 area, Sibiu Municipality, Sibiu County	4.1
Modernization of the 20 kV UGC in the area of the 220/110/20 kV Alba Iulia Substation, Alba Iulia Municipality, Alba County	4.1
Modernization of 20 kV network in the area of Bulevardul Revolutiei 1989, Alba Iulia Municipality, Alba County	4.7
Modernization of 20 kV network in the area of Piata Iuliu Maniu, Alba Iulia Municipality, Alba County	3.2
Modernization of 20 kV network in Lipoveni neighborhood, Alba Iulia Municipality, Alba County	3.4
Modernization of 20 kV network in Maieri neighborhood, Alba Iulia Municipality, Alba County	5.4
Reserve supply of 20 kV busbars - Sanpaul substation, Mures County	3.8
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS – Cugir, Teius, Lupsa, Sebes	2.6
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS – substations Sf. Gheorghe, Campu Frumos, Covasna, Capeni	1.7
Modernization of internal services of (AC) and (DC) in the substations managed by SDEE TS – substations Cic, Tarnaveni, Mureseni, Reghin, Raci	1.7
Modernization of LV OHL and connection, Hodac locality, Mures County	2.5
Modernization of 0.4 kV network and connections streets Budiului, Bega (partial) & Mestecanisului (partial), Targu Mures City, Mures County	1.7
Modernization of 0.4 kV network, Barghis Commune, Sibiu County	1.2
Modernization of 0.4 kV network in Dealu Frumos village, Merghindeal Commune, Sibiu County	2.2
Voltage level improving and modernization of LV OHL Bucerdea Granoasa, Alba Couny	1.2
Voltage level improving and modernization of 20 kV OHL, 0.4 kV OHL and connections in Singeorgiu de Mures and Cotus localities, Mures County, Volume I- Cotus and Tofalau villages	2.1
Voltage level improving, conductor replacing and connections securing Dataseni locality, Mures County	1.2
<b>TRANSILVANIA NORD</b>	
Modernization of pole mounted secondary substation PTA Oradea branch	1.3
Construction of MV UGC to increase reliability in supplying consumers supplied from 110/6 kV CET1-SDG 6 kV, Oradea Municipality, Bihor County	1.1

DESCRIPTION	Value (RON mn)
Modernization of secondary substations PTA Reteag Poieni, PTA Reteag Moara, modernization of connection Reteag Poieni and LV OHL and connections in PTA in Reteag Poieni, PTA Reteag Sat, PTA Reteag SMA and Reteag Moara, area, Reteag Localty, Bistrita nasaud County	1.5
Modernization of secondary substation PTA Cosbuc 2 and LV OHL and connections from PTA Cosbuc 2 area, Cosbuc locality, Bistrita Nasaud county	1.0
Modernization of pole mounted secondary substation PTA in Chiochis village and modernization of LV OHL and connections PTA Chiochis Sat and PTA Chiochis 2 area, Chiochis Village, Bistrita Nasaud county	1.2
Modernization of neutral point treatment in 110/20 kV Simleu substation	1.0
Extension of public distribution network in Groșii Tiblesului, Valea Tiblesului (Bradului) area, Maramures County	1.3

## 11.4. Litigations

### *Electrica Group litigations in the first semester of 2023:*

#### *A.11.4.1 Disputes with ANRE*

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
1	Plaintiff: ELSA; Defendant: ANRE;  361/2/2015	Cancellation of ANRE Order no. 155/2014 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDTN).	Bucharest Court of Appeal	The Court dismissed the case on merits. Appealable within 15 days from it's communication.
2	Plaintiff: ELSA; Defendant: ANRE;  360/2/2015	Cancellation of ANRE Order no. 156/2014 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDTS).	Bucharest Court of Appeal	The Court dismissed the case on merits. Appealable within 15 days from it's communication.
3	Plaintiff: ELSA; DEER Defendant: ANRE;  7614/2/2018	Action for partial annulment of ANRE Order no. 169/2018 regarding the approval of the Tariff Setting Methodology for the Electricity Distribution Service.	High Court of Cassation and Justice	Case dismissed on merits, a recourse finally dismissed on 16.05.2023.
4	Plaintiff: ELSA; DEER Defendant: ANRE  7591/2/2018	Action for the annulment of the ANRE Order no. 168/2018 regarding the regulatory rate of return and obliging ANRE to issue a new order.	Bucharest Court of Appeal	Suspended until the final settlement of case no. 541/36/2018 of the Bucharest Court of Appeal.
5	Plaintiff: ELSA, DEER  Defendant: ANRE 434/2/2019	Legal action for annulment of ANRE Order 197/2018 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive electric energy for DEER (former SDMN).	Bucharest Court of Appeal	In course of settlement.
6	Plaintiff: ELSA, DEER  Defendant: ANRE	Legal action for annulment of ANRE Order 199/2018 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER former SDTS).	High Court of Cassation and Justice	On 9 June 2020, the court rejected the action as unfounded. An appeal was filed, on 26.04.2023 the recourse of DEER and Electrica was admitted. The

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
	435/2/2019			Court quashes the judgment of 17.03.2020 and the sentence and sends the case back to the same court.
7	Plaintiff: ELSA, DEER Defendant: ANRE 436/2/2019	Legal action for annulment of ANRE Order 198/2018 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER former SDTN).	Bucharest Court of Appeal	In course of settlement.
8	Plaintiff: DEER Defendant: ANRE 184/2/2015	Contentious administrative litigation – Cancellation of ANRE Order no. 146/2014 regarding the setting of the regulated rate of return applied at the approval of the tariffs for the electricity distribution service provided by the DSOs starting with 1st January 2015 and the abrogation of art. 122 of the tariff setting methodology for the electricity distribution service, approved by the ANRE order no. 72/2013.	Bucharest Court of Appeal	On 29.04.2022, the Court dismissed the case. The decision is definitive by non appeal by the plaintiff.
9	Plaintiff: DEER Defendant: ANRE 309/2/2020	Judicial action on the cancellation of documents issued by regulatory authorities – Order no. 227/2019 regarding the approval of the tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDMN).	Bucharest Court of Appeal	In course of settlement.
10	Plaintiff: DEER Defendant: ANRE 305/2/2020	Action for the cancellation of ANRE's President Order no. 228/2019 regarding the approval of the of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDTN).	High Court of Cassation and Justice	Case dismissed on merits, an appeal was filed, in course of settlement.
11	Plaintiff: DEER Defendant: ANRE 371/2/2015	Cancellation of the ANRE's President Order no. 156/2014 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDTS).	Bucharest Court of Appeal	Suspended until the settlement of the case file no. 208/2/2015.
12	Plaintiff: DEER Defendant: ANRE 208/2/2015	Cancellation of the ANRE's President Order no. 146/2014 regarding the establishment of the regulated rate of return applied to the approval of the tariffs for the electricity distribution service provided by DSOs from 1st January 2015 and the abrogation of Art. 122 of the Tariff Pricing Methodology for Electricity Distribution Service, approved by the ANRE Order no. 72/2013.	Bucharest Court of Appeal	A reinstatement request was filed. Attached to case no. 184/2/2015. On 29.04.2022, the Court dismissed the case. The decision is definitive by non appeal by the plaintiff.
13	Plaintiff: DEER Defendant: ANRE 303/2/2020	Cancellation of the ANRE's President Order no. 229/2019 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDTS).	Bucharest Court of Appeal	Suspended on 02.11.2022. Application for reinstatement. On 07.06.2023 - suspend the file.
14	Plaintiff: DEER Defendant: ANRE 53/2/2022	Cancellation of the ANRE's President Order no. 119/2021 regarding the approval of	Bucharest Court of	Suspended until the final settlement of case no.

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
		the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER.	Appeal	6176/2/2022.
15	Plaintiff: DEER Defendant: ANRE 6176/2/2022	Action for partial annulment of ANRE Order no. 169/2018 regarding the approval of the Tariff Setting Methodology for the Electricity Distribution Service.	Bucharest Court of Appeal	Case dismissed on merits. Appealable within 15 days from it's communication.

Source: Electrica

#### A.11.4.2 Fiscal matter disputes

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: ELSA Defendant: NAFA 17237/299/2017	1. Suspension of forced execution initiated by NAFA-DGAMC in the enforcement file no. 13267221 under the enforceable order no. 13725/3 May 2017 and of the no. 13739/3 May 2017; 2. Cancellation of the enforcement order no. 13725/3 May 2017, of the no. 61/90/1/2017/263129 (which also bears the No. 13739/3 May 2017) issued by NAFA-DGAMC for the amount of RON 39,248,818 and all subsequent execution orders issued in connection with the forced execution of the amount of RON 39,248,818 in the execution file no. 13267221.	Bucharest Tribunal	Action admitted on merits. The Decision was appealed.
2	Plaintiff: ELSA Defendant: NAFA - DGAMC 25091/299/2018	Appeal to execution and suspension of forced execution - cancellation of the enforcement order no. 13566/22 June 2018 and the notice 13567/22 June 2018, issued in the execution file no.13267221/61/90/1/2018/278530, amounting to RON 10,024,825 <b>(representing the partial fine from the Competition Council).</b>	District Court 1	Suspended until the settlement of case no. 3889/2/2018.
3	Plaintiff: ELSA Defendant: NAFA - DGAMC 2444/2/2021	1. Obligation of NAFA to correct the evidence of tax receivables, held according to art. 153 FPC so that it reflects the decisions given by the courts in the disputes between the parties, through decisions that have come into the power of the judicial work, respectively by: a) Decision no. 1078/17.04.2015 issued by the Bucharest Court of Appeal in case no. 5433/2/2013; b) Decision no. 5154/26.06.2017 issued by Bucharest District 1 Court in case no. 51817/299/2016*; c) Decision no. 624/06.03.2015 issued by the Bucharest Court of Appeal in case no. 7614/2/2013; Obligation of NAFA to draw up those acts	Bucharest Court of Appeal	On 07.06.2023, the Court admits in part the case. Orders the defendant to correct the records of the tax claims concerning the plaintiff in order to highlight the plaintiff's right to a refund of the amount of RON 5,860,080 and the amount of RON 817,521. Orders the defendant to pay to the applicant the amount of RON 5,161,491.64 as interest. Orders the defendant to pay to the plaintiff the amount of RON 49,083.37 in respect of costs. With the right of appeal within 15 days from the

Crt. no.	Parties/Case file number	Object	Court	Case status
		<p>or administrative correction operations which: - to reflect Electrica's right to the reimbursement of RON 5,860,080 representing fiscal obligation unlawfully reinstated in the fiscal evidence; - to reflect Electrica's right to the reimbursement of RON 817,521 which was not object of the reimbursement made by NAFA on 22 September 2020, arising from the annulment of the fiscal decision in case mentioned in item 1 above, let. a); 2. Obligation of NAFA to pay the legal interests related to the period 12.12.2016 – 21.09.2020, calculated in a percentage of 0.02%/day of delay for the debt amount of RON 18,687,515 reimbursed on 22.09.2020, in total amount of RON 5,161,491.64; 3. Establishing a 15 days term from the decision so that NAFA-DGAMC to settle the fiscal file as indicated above, imposing late penalties of RON 1,000/day of delay for exceeding this term, due to Electrica by DGAMC.</p>		communication.
4	<p>Plaintiff: DEER Defendant: NAFA - DGAMC  359/2/2021 (former 1018/2/2016*)</p>	<p>Cancellation of administrative act – Decision no. 462/23 November 2015, litigation amount of RON 7,731,693 (RON 4,689,686 income tax + RON 3,042,007 VAT) and for the amount of RON 6,154,799 (RON 3,991,503 interests/penalties and late fees related to income tax + RON 2,163,296 interests/penalties and delay fees related to the VAT).</p>	<p>Bucharest Court of Appeal - retrial</p>	<p>The court of first instance rejected the action as unfounded. The plaintiff filed an appeal, admitted by the court, which quashes the contested decisions and, re-judging, partially admits the action. Partially annuls Decision no.462/23.11.2015 issued by A.N.A.F–DGSC, regarding point 3. Obliges the defendant A.N.A.F–DGSC to settle on the merits the claim regarding the amount of RON 10,091,323. It sends for retrial to the same court the request regarding the other fiscal obligations retained by the fiscal body, amounting to RON 13,886,492. Final (file no. 1018/2/2016*). In retrial, case no. 1018/2/2016* was registered with a new number, 359/2/2021 - in course of settlement. DGAMG-ANAF rejected by Solution Decision no. 154/02.07.2020, the appeal regarding the amount of RON 10,091,323 (Point 3 of Decision no. 462/2015) reason for which an action for annulment was filed on 22.12.2020 (file no. 641/42/2020).</p>

Crt. no.	Parties/Case file number	Object	Court	Case status
5	Plaintiff: DEER Defendant: DGAMC – NAFA 641/42/2020	Annulment of the administrative act of the Settlement Decision 154/02.07.2020 for the amount of RON 10,091,323 (point 3 of the Decision no. 462/23.11.2015)	Ploiesti Court of Appeal	In course of settlement.
6	Plaintiff: DEER Defendant: Galati City Hall - DITVL Galati  263/42/2020	Cancellation of administrative documents issued by the fiscal bodies within the Galati City Hall - DITVL Galati, respectively Fiscal inspection report, taxation decision and decision to resolve the appeal. According to the Fiscal Inspection Report, the control team determined an additional tax on buildings, together with the related accessories, in a total amount of RON 24,831,293, for the 2012-2015 period.	High Court of Cassation and Justice	On merits, the Court dismissed the case as unfounded, a recourse was filed, in course of settlement.
7	Plaintiff: EL SERV Defendant: NAFA  31945/3/2018	Cancellation of administrative decision no. 221/19 July 2017 - cancellation of penalties related to the decision no. 305/2017 from above, RON 118,215.	Bucharest Court	The case has been suspended until the final settlement of the case no. 5786/2/2018 and following the final settlement of the case, this file has been put back on role. Case no. 5786/2/2018 had as object the cancellation of administrative act NAFA RIF 2017 and decision no. 305/30 May 2017, amounting to RON 46,260,952, the amount by which the fiscal loss of the Company was diminished; RON 7,563,561 established as additional VAT for payment by the refusal to deduct the VAT + related accessories. The claim was dismissed.
8	Plaintiff: EFSA Defendant: NAFA – DGAMC  8709/2/2018*	Cancellation of: <ul style="list-style-type: none"> <li>• DGSC Decision no. 325/26 June 2018</li> <li>• Decision F-MC 678/28 December 2017</li> <li>• Report F-MC 385/28 December 2017</li> <li>• Decision no. 511/24 October 2018</li> <li>• Decision no. 21095/24 July 2018</li> </ul> Value: RON 11,483,652	Bucharest Court of Appeal	In course of settlement.

Source: Electrica

#### ***A.11.4.3 Other significant litigations (with a value higher than EUR 500 thousand)***

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Creditor: ELSA Debtor: Petprod S.A. 47478/3/2012/a1	Bankruptcy, registering to the list of creditors for the amount of RON 2,591,163	Bucharest Tribunal	Ongoing procedure.
2	Creditor: ELSA Debtor: CET Braila	Bankruptcy, registering to the list of creditors in amount of RON 3,826,035.	Braila Court	Ongoing procedure.

Crt. no.	Parties/Case file number	Object	Court	Case status
	S.A. 2712/113/2013			
3	Creditor: ELSA, AAAS, BCR SA and others Debtor: Oltchim S.A. 887/90/2013	Bankruptcy, remaining amount to be recovered – RON 116,058.538.	Valcea Court	Ongoing procedure. The amount is registered in the definitive table of receivables updated following the fact that the Decision EU Tribunal from Luxemburg, establishing that Oltchim S.A. benefited from illegal state aid from a number of Romanian companies, including ELECTRICA S.A, became definitive.
4	Creditor: ELSA Debtor: Romenergy Industry SRL 2088/107/2016	Bankruptcy, registering to the list of creditors in amount of RON 2,917,266.	Alba Iulia Court of Appeal	The procedure was closed on 12.12.2022, the decision being appealed by DEER – finally dismissed on 06.04.2023
5	Creditor: ELSA Debtor: Transenergo Com S.A. 1372/3/2017	Insolvency proceedings. Amount RON 37,088,830.	Bucharest Court	Ongoing reorganization procedure. On 03.02.2021, the Debtor's reorganization plan was confirmed, according to which unsecured receivables do not participate in distributions. ELSA's appeal against the sentence confirming the reorganization plan was definitively dismissed.
6	Creditor: ELSA Debtor: Electra Management & Supply SRL 41095/3/2016	Bankruptcy. Amount: RON 6,027,537.	Bucharest Court	Ongoing procedure. In case, a request for liability has been filed, representing the object of the associated file no. 41095/3/2016 / a1, in which ELSA has the quality of accessory intervener.
7	Creditor: ELSA Debtor: Fidelis Energy SRL 3052/99/2017	Bankruptcy. Amount: RON 11,357,813.97.	Iasi Court	Ongoing procedure. On 26.04.2023, the bankruptcy was ordered. Of the total amount recorded at the credential table, the amount of RON 66,066.07, representing ELSA's debit to Fidelis Energy, will be compensated, the total receivable will be reduced in the final table consolidated with this amount.
8	Plaintiff: ELSA Defendant: Competition Council 1100/1/2023	Appeal for annulment against civil decision no. 5599 of 22 November 2022, pronounced by ICCJ In file no. 3889/2/2018. Case no. 3889/2/2018 had as object the annulment of Competition Council Decision no. 77/20 December	High Court of Cassation and Justice	Preliminary proceedings.

Crt. no.	Parties/Case file number	Object	Court	Case status
		2017, by which an ELSA charge is set through a fine of RON 10,800,984 and, in the subsidiary, the reduction of the fine set up to the legal minimum of 0.5% of ELSA's turnover, by re-individualizing the alleged anticompetitive facts, with the retention and full use of all mitigating circumstances applicable to ELSA.		
9	Plaintiff: ELSA Defendant: Elite Insurance Company 44380/3/2018	Claims - request for equivalent value of the insurance policy issued to guarantee the obligations of Transenergo Com S.A., in the amount of RON 4,000,000.	Bucharest Court	Suspended based on art. 307 Civil Procedure Code.
10	Plaintiff: ELSA Defendant: Silver Broker de Asigurare-Reasigurare SRL (former Zurich Broker de Asigurare Reasigurare SRL) 37068/3/2021/a1 37068/3/2021/a2	Insolvency. Receivable – RON 4,065,408	Bucharest Tribunal	Following the termination of the case 3310/3/2020, based on art. 75 of Law no. 85/2014, ELSA has filed a request for registration at the credit table in the bankruptcy file of Silver Broker de Asigurare-Reasigurare SRL, case no. 37068/3/2021, the claim being dismissed ELSA filed an appeal, object of case no. 37068/3/2021/a1 and no. 37068/3/2021/a2, in course of settlement.
11	Plaintiff: ELSA Defendant: former directors and administrators of ELSA  35729/3/2019	Claims - claim for damages calculated as a result of the control of the Court of Accounts, amounting RON 322,835,121.	Bucharest Court	Suspended until the final settlement of case 2229/2/2017.
12	Plaintiff: VIR Company International S.R.L. Defendant: DEER  7507/105/2017	Claims - the amount requested by VIR Company International SRL consists of: - EUR 5,000,000, damage caused by delayed issuance of the connection certificate for the photovoltaic plant located in Valea Calugareasca commune, Darvari village; - EUR 155,000, equivalent of the amount of electricity produced by the plant during the technological tests period; - EUR 145,000, green certificates related to the amount of energy produced by the photovoltaic plant during the technological tests period. In addition, it requires to DEER to pay the penalty interest of 5.75%/year for all the amounts of money claimed and court costs.	Prahova Court	The court rejects the exceptions of inadmissibility and lack of object of the introductory request invoked by the defendant, as unfounded. Dismisses the introductory request as unfounded. Accepts in part the request made by the defendant regarding the payment of court costs and obliges the plaintiff to the defendant to pay the court costs, respectively to pay the sum of RON 50,000 representing a reduced attorney's fee. Appealable within 15 days from communication. On 07.07.2022, the court partially



Crt. no.	Parties/Case file number	Object	Court	Case status
				admitted the request to increase the expert's fee for the amount of RON 13,100 and obliges the plaintiff to pay this amount to the expert. With appeal within 15 days from the notification of the decision.
13	Creditor: DEER Debtor: Transenergo Com S.A.  1372/3/2017	Insolvency proceedings. Amount: RON 9,274,831.	Bucharest Court	Ongoing proceedings. On 3 February 2021, the Debtor's reorganization plan was confirmed, according to which unsecured receivables do not participate in distributions. The Debit represents the accumulated receivables as a result of the distribution subsidiaries merger.
14	Plaintiff: DEER Debtor: ELSA 18976/3/2020 (33763/3/2019)	Claims, according to the Court of Accounts Decision, representing payments not owed of RON 20,350,189 made by DEER (former SDMN).	Bucharest Court	Suspended until the final settlement of case no. 1677/105/2017.
15	Plaintiff: Tutu Daniel and Tudori Ionel Defendant: DEER 180/233/2020*	Claims - equivalent value of land related to the Galati Center Transformation Station – RON 2,500,000.	Galati Court	The court of first instance partially admitted the request to compel the defendants to pay the plaintiffs the sum of EUR 241,600 as compensation for the lack of use of the income. Obliges the defendants to pay to the plaintiffs the legal interest regarding the damages established from the moment of the final stay until the actual payment. It finalizes the experts' fee in the amount of RON 1,600 for expert Bogatu Mirela Dorina and the amount of RON 1,500 for expert Grecu Iulian and obliges the plaintiffs to pay the expert Bogatu Mirela Dorina the amount of RON 600 - the difference between the expert's fee and to expert Grecu Iulian the amount of. It obliges the defendants to pay the defendant Tutu Daniel the sum of RON 38,605 and the plaintiff Tudori Ionel the sum of RON 12,000 as court costs. The appeal was filed.
16	Plaintiff: Sinaia City Hall Defendant: DEER	Action in "Obligation to do" administrative litigation. Sinaia City Hall requests: -mainly: obliging MN to comply with LCD	Ploiesti Court of Appeal	The Court dismissed the case on merits. A recourse was filed.

Crt. no.	Parties/Case file number	Object	Court	Case status
	3719/105/2020**	113/2015 in the sense of executing the works regarding the underground location of the technical-municipal networks for the project "Energy efficiency and lighting extension of the historic area - Sinaia" - in the alternative: in case MN will not execute the works in due time and the City Hall will execute the works in our name and on our behalf, MN will be obliged to pay RON 7,659,402.72 + VAT (RON 9,101,192); - updating the amount requested in subsidiary with the inflation rate and legal interest.		
17	Plaintiff: DEER Defendant: Romenergy Industry S.A.  2088/107/2016	Bankruptcy - amount: RON 9,224,595.51.	Alba Iulia Court of Appeal	The court of first instance admitted the request to close the bankruptcy procedure. The debit represents the accumulated receivables as a result of the distribution subsidiaries merger. The appeal was rejected on 06.04.2023. Final.
18	Plaintiff: Asirom Vienna Insurance Group S.A. Defendant: DEER  439/111/2017	Recourse claims – for RON 2,842,347, representing the compensation paid by the plaintiff to the insured company SC Ciocorom SRL following a fire that occurred on 7 March 2013. DEER (former SDTN) fault is invoked for the overvoltage after a power outage.	Oradea Court of Appeal	Case dismissed on merits an on the appeal. With recourse within 30 days from the notification of the decision.
19	Plaintiff: Energo Proiect SRL Defendant: DEER, DEER – Oradea Subsidiary 374/1285/2018	Claims of RON 2,387,357.	Cluj Court of Appeal	On merits and in the appeal, the case was dismissed. The Court admits the appeal declared by the plaintiff ENERGO PROIECT S.R.L., cancels the decision and sends the case to a new trial, the same court. Appeal for retrial.
20	Plaintiff: DEER Defendant: ELSA  4469/62/2018	Claims according to the Courts of Account findings – RON 8,951,811	Brasov Court	First instance. The High Court of Cassation and Justice solved the negative competence conflict between Brasov Court and Bucharest Court, the case being in course of settlement at Brasov Court.
21	Plaintiff: DEER  Defendant: directors and managers	Claims against the former general managers of the company, as a result of the non-fulfillment of some measures ordered by the Court of Accounts for the amount of RON 8,951,812.	Brasov Court	Suspended untill the final settlement of case no. 4469/62/2018.

Crt. no.	Parties/Case file number	Object	Court	Case status
	342/62/2020*			
22	Plaintiff: EL SERV Defendant: Servicii Energetice Banat S.A. 8776/30/2013 (joint with cu 2982/30/2014)	Bankruptcy - amount admitted to the list of creditors RON 72,180,439.68.	Timis Court	Ongoing proceedings.
23	Plaintiff: EL SERV Defendant: SEO 2570/63/2014	Bankruptcy - amount admitted to the list of creditors RON 26,533,446.	Dolj Court	Ongoing proceedings.
24	Plaintiff: EL SERV Defendant: SED 8785/118/2014	Bankruptcy - amount admitted to the list of creditors: RON 15,130,315.27.	Constanta Court	Ongoing proceedings.
25	Plaintiff: EL SERV Defendant: SE Moldova 4435/110/2015	Bankruptcy – amount: admitted to the list of creditors RON 73,708,082.90.	Bacau Court	Ongoing proceedings.
26	Plaintiff: EL SERV Defendant: New Koppel Romania 20376/3/2016	Claims – EUR 655,164, equivalent of RON 3,210,305.75.	Bucharest Court	Ongoing proceedings.
27	Plaintiff: Integrator S.A. Defendant: EL SERV, SAP Romania 34479/3/2016**	Claims – EUR 1,277,435.25 license + EUR 2,650,855.68 maintenance – RON equivalent 19,321,005.11	Bucharest Court of Appeal	The case was suspended on 12.06.2019 until the jurisdiction was established in case 30 266/2017 registered with the Karlsruhe Court and declined in favor of the Mannheim Court.
28	Plaintiff: EL SERV Defendant: directors and administrators 2013-2014 35815/3/2019	Action in attracting the liability of directors and administrators - measure II.7 of Decision no. 13/27.12.2016 issued by the Romanian Court of Accounts– RON 7,165,549 + legal interest of RON 4,485,340.29.	High Court of Cassation and Justice	The court dismissed the action as prescribed, ordering the plaintiff to pay the judicial costs. Appeal suspended, considering the death of the respondent Popescu Romeo; steps have been initiated to identify the heirs. Case reinstated, appeal dismissed as unfounded. A recourse was filed, in preliminary proceedings.
29	Plaintiff: EL SERV Defendant: directors and administrators 2010-2014 35828/3/2019	Action in attracting the liability of directors and administrators - measure II.8 of Decision no.13/27.12.2016 issued by the Romanian Court of Accounts for the amount of RON 19,611,812 + Legal penalties of RON 14,475,832.43.	High Court of Cassation and Justice	The court dismissed the action as it has been modified and specified, as prescribed. Orders the plaintiff to pay the judicial costs. An appeal was filed, dismissed as unfounded. A recourse was filed, in preliminary proceedings.
30	Creditor: EFSA	Bankruptcy – registering to the list of	Galati Court	Ongoing proceedings.

Crt. no.	Parties/Case file number	Object	Court	Case status
	Debtor: Apaterm S.A. Galati 4783/121/2011*	creditors for the amount of RON 2,547,551.		
31	Creditor: EFSA Debtor: Ariesmin S.A. Branch 7375/107/2008	Bankruptcy - registering to the list of creditors for the amount of RON 20,711,588.	Alba Court	Ongoing proceedings.
32	Creditor: EFSA Debtor: Zlatmin S.A. Branch 6/107/2003	Bankruptcy - registering to the list of creditors for the amount of RON 9,314,176.	Alba Court	Ongoing proceedings.
33	Creditor: EFSA Debtor: Nitramonia S.A. 1183/62/2004	Bankruptcy - registering to the list of creditors for the amount of RON 2,321,847	Brasov Court	Ongoing proceedings.
34	Creditor: EFSA Debtor: Remin S.A. 32/100/2009	Insolvency proceedings - registering to the list of creditors for the amount of RON 71,443,402.	Timisoara Court	Ongoing proceedings.
35	Creditor: EFSA Debtor: Oltechim S.A. 887/90/2013	Bankruptcy - receivable RON 16,700,311.	Valcea Court	Ongoing proceedings.
36	Creditor: EFSA Debtor: Energon Power and Gas S.R.L. 53/1285/2017	Insolvency proceedings - registering to the list of creditors for the amount of RON 2,421,236.	Cluj Specialized Court	Case closed on 06.06.2023. Final decision.
37	Creditor: EFSA Debtor: CUG S.A. 2145/1285/2005	Bankruptcy - registering to the list of creditors for the amount of RON 7,880,857.	Cluj Specialized Court	Ongoing proceedings.
38	Creditor: EFSA Debtor: Colterm 4657/30/2021	Insolvency - registered to the list of creditors for the amount of RON 2,520,449.97	Timis Court	Ongoing proceedings.
39	Plaintiff: EFSA Defendant: ELSA 6665/3/2019	Claims: request of payment regarding the invoices paid without supporting documents, as it has been stated by the Court of Account – RON 7,025,632.	High Court of Cassation and Justice	The First Instance court dismissed the claim of EFSA. The Decision has been appealed and dismissed by the Court. EFSA filed a recourse, definitively dismissed by the Court.
40	Plaintiff: UAT Targu Secuiesc Defendant: EFSA 886/119/2022	Claims – RON 2,718,151.15	Covasna Tribunal	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
41	Reclamant:EDPR Romania SRL Parat: EFSA 19662/3/2022	Claims – RON 3,880,124.69	Bucharest Tribunal	The judgment was suspended until the final resolution of file no. 3664/2/2022.
42	Plaintiff:EFSA Defendant: ARC PARC INDUSTRIAL SRL Called into guarantee: VIBRACOUSTIC ROMANIA SRL	Claims: RON 7,294,831.26	Cluj Specialized Court	In course of settlement.
43	Plaintiff: Oradea City Defendant: EFSA 752/111/2023*	Claims: RON 4,177,879	Bihor Court	In course of settlement.
44	Creditor:EFSA Debitor: UZTEL SA 1223/105/2023	Insolvency proceedings - registering to the list of creditors for the amount of RON 2,466,866.78	Prahova Court	Ongoing proceedings.
45	Plaintiff:EFSA Defendant: ARC PARC INDUSTRIAL SRL 253/1285/2023	Claims: RON 2,800,000	Cluj Specialized Court	Approves in part the request for issuing the payment order. Settles the debtor to pay the creditor the amount of RON 393,654.37. Rejects the rest of the claim. Sets a payment deadline of 30 days from the communication of this order. Obliges the debtor to pay the creditor the sum of RON 200, as court costs. With the right to apply for cancellation claim within 10 days of communication.
46	Plaintiff: Ivan Laura Ionela Ivan Cornel Ionut Ivan Vladimir Mihai Defendant: EL SERV 34705/3/2015	Civil liability - work accident resulting in employee death (amount of compensation claims – EUR 3 mn.).	Bucharest Court	Case suspended according to art. 413 alin. 1 par. 1 Civil Procedure Code. (criminal case ongoing).
47	Plaintiff: Cazacu Maria Defendant: DEER 7212/200/2020	Liability of the principal for the act of the defendant- work accident resulting in death of an AISE employee (amount of compensation claimed: EUR 510,000)	Buzau Court	In course of settlement.
48	Plaintiff: DEER – Defendant: COS Targoviste 1906/120/2013	Insolvency – banckrupcy – RON 1,357,789.92.	Dambovita Court	Ongoing procedure. The current receivables have been fully recovered.

Crt. no.	Parties/Case file number	Object	Court	Case status
49	Plaintiff: Verta Tel SRL Defendant: DEER 4106/3/2021	Claims – contractual liability: RON 2,009,233	High Court of Cassation and Justice.	Case dismissed on merits. Appeal partially admitted with reference to retrial end 3 request. Recourse rejected on 23.03.2023. Final
50	Plaintiff: DEER Defendant: Getica 95 SRL 1666/114/2021*	Insolvency – registration at the list of creditors for the amount of RON 26,283,220.67	Buzau Court	The court admitted the request to close the insolvency procedure. Definitive. Amount fully recovered. Appeal The admitted appeal sends the case for retrial and continuation of insolvency proceedings.
51	Plaintiff: DEER Defendant: AEM S.A. 1347/119/2021	Claims – contractual liability – RON 2,851,297.30	Covasna Court	In course of settlement.
52	Plaintiff: Rebrean Gheorghe Defendant: DEER 1635/112/2022	Claims - the plaintiff requests moral damages in the amount of EUR 500,000 thousand and RON 370 material damages as a result of the bodily injury by electric shock committed on 12.08.2020.	Bistrita Nasaud Tribunal	The judgment of 29.06.2023 - partially admits the action, orders DEER to pay the amount of EUR 60,000 as moral damages and RON 150 material damages. With appeal within 30 days of service of the decision.
53	Plaintiff: DEER Defendant: Electric Planners SRL 25660/3/2022	Claims – contractual liability – RON – 2,553,038.40.	Bucharest Tribunal	In course of settlement.
54	Plaintiff: Allsys Energy SA Defendant: DEER 25660/3/2022	Aquisition: Annulment of the decision to terminate 5 frame agreements for MM, BH, BN, SJ, SM subsidiaries. Request for payment of damages – RON 8,345,730.71.	Bucharest Tribunal	In course of settlement.

Source: *Electrica*

#### **A.11.4.4 Litigations against the Romanian Court of Accounts**

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: ELSA Defendant: Romanian Court of Accounts 2229/2/2017*	Partial annulment of Decision no. 12/27 December 2016, issued by the director of the 2 <sup>nd</sup> Direction from the IV <sup>th</sup> Department of the Romanian Court of Accounts, regarding the faults from point 1 to 8, with the consequence of dismissing the actions from point 1, 3 to 9 inclusive, imposed to ELSA by the disputed Decision; the partial annulment of the conclusion no. 12/27 February 2017 of the Romanian Court of Accounts, rejecting the objection raised by	Bucharest Court of Appeal	On 06.07.2023, the Court partially admitted the request formulated by ELSA and partially annulled Conclusion no. 12 / 27.02.2017 and Decision no. 12 / 27.12.2016, issued by the Romanian Court of Accounts, regarding the deviations from point 1, point 2, point 3, point 4 point 5 partially, for rent exceeding the period 17.07.2013-01.09.2013, point 6, point 7 and

Crt. no.	Parties/Case file number	Object	Court	Case status
		ELSA against Decision no. 12, regarding the faults and orders mentioned above. In subsidiary, the extension of the deadlines for carrying out all the measures ordered by ELSA through Decision no. 12/27 December 2016 with at least 12 months; the suspension of the enforceability of Decision no. 12 until final settlement of the present dispute.		regarding the correlative measures, the measure from point II.7 being maintained for the rent related to the period 17.07.2013-01.09.2013. Rejects as unfounded the application end regarding the extension of the implementation deadlines. It notes that the applicant has reserved the right to claim separately the costs incurred in the case. With appeal within 15 days of the communication.
2	Plaintiff: EL SERV Defendant: Romanian Court of Accounts  2098/2/2017	Litigations with the Romanian Court of Accounts for the annulment of the administrative act – Decision no. 11/27 February 2017.	Bucharest Court of Appeal	On 31.07.2023, the Court admits the request in part: rejects the exception of illegality as unfounded and admits in part the annulment action as specified. Partially annuls conclusion no. 11/27.02.2017, decision no. 13/27.12.2016 and control report no. 9.100 – 15.553/05.12.2016, respectively with regard to the measures provided for in points I.3, II.7 and II.8. Rejects the annulment action as unfounded. Obliges the defendant to pay the plaintiff the sum of RON 24,801.175 as court costs, according to the provisions of art. 453 para. 2 Civil Code With right of appeal within 15 days of communication.
3	Plaintiff: DEER Defendant: Romanian Court of Accounts Intervenient: SERV  1677/105/2017	Suspension and annulment of the measures imposed by the Decision of Prahova Court of Accounts no. 45/2016, following the Control Report of the Prahova Court of Accounts no. 6618/11 November 2016.	Prahova Court	Dismisses the application. With recourse within 15 days from the notification of the decision.

Source: Electrica

#### ***A.11.4.5 Other litigations with significant impact***

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: DEER Defendant: Local Council of Oradea City, RCS&RDS  3340/111/2015	Cancellation of Oradea LCD no. 108/17 February 2014 regarding the organization of the public auction for the concession of the 100,000 sqm land area, in order to realize an underground sewerage for the placement of electronic and electrical communications networks.	Bihor Court	At the request of RCS-RDS, the case was suspended until the case file 2414/2/2016 was settled with Delalina SRL, a file that is in the role of the Bucharest Court of Appeal. The file no. 2414/2/2016 was definitively solved on 22.03.2021, without a request

Crt. no.	Parties/Case file number	Object	Court	Case status
				for reinstatement being formulated, following to be ascertained by the court the expiration of the request, DEER no longer having an interest in supporting the request for summons. The Bihor Court found the expiration of the request for summons on 28.03.2023, the solution being final.
2	Plaintiff: Carei City and others Defendant: DEER  15600/211/2016*	Claims - it is requested to grant compensation in the form of material and moral damages, caused, by interrupting the supply of electricity to the consumers, in the Carei municipality, during 31.12.2014-02.01.2015.	Cluj Specialized Court	On 21.04.2021, the court rejects the action of a plaintiff as a result of admitting the exception of lack of capacity to use, rejects the exception of lack of active procedural quality of plaintiffs, invoked by defendants, rejects the exception of lack of passive procedural quality of defendant DEER, rejects the exception of lack of procedural quality liabilities of the defendant Electrica Furnizare SA and admits in part the action in contradiction with the defendant ELECTRICA FURNIZARE SA. Dismisses as unfounded the request for formal proceedings by the applicants in the preceding paragraph in contradiction with DEER. Obliges the defendant ELECTRICA FURNIZARE S.A., to pay the moral damages in favor of the plaintiffs in a differentiated way, in the amount of RON 500 for some of the plaintiffs, RON 750 and RON 1,000 for other plaintiffs, rejecting at the same time the moral damages for other plaintiffs. Appeal filed by Electrica Furnizare. In appeal, the court rejects, as unfounded, the main appeal declared by the appellant Electrica Furnizare SA and rejects, as unfounded, the incidental appeal declared by the respondents TN, and MC. Recourse definitively dismissed. Definitely settled at 20.01.2023
3	Plaintiff: E-Distributie Banat Defendant: ELSA	(i) ELSA's compliance with the obligation of not to do regarding the share capital and the AoA of the EDB and the	Bucharest Court of Appeal	Case dismissed on merits; appeal definitively dismissed by the court on 07.03.2023.



Crt. no.	Parties/Case file number	Object	Court	Case status
	12857/3/2019	<p>termination of abusive actions consisting of the requests addressed to the ONRC to change the structure of the share capital and the articles of association of the EDB by increasing the share capital with the value of the land in the Certificates of attestation of the property right held by ELSA on the land used by EDB in order to carry out the activity; (ii) Stating the fact that Electrica does not hold the quality of public authority involved in the privatization process and, consequently, acknowledging the absence of the right of ELSA to request ONRC to modify the constitutive act of the EDB by increasing the share capital with the value of the land owned by ELSA based on CADP on the used land from EDB; (iii) As against the abusive actions taken in the EDB's opinion, ELSA's obligation to pay the damages whose existence and amount will be proved by the deadline provided by law.</p>		
4	Plaintiff: ELSA, SAPE Defendant: E-Distributie Banat 949/39/2019	Action for the annulment of Shareholders resolution 5/06.12.2018 (share capital increase for SAPE).	Timisoara Court of Appeal	Case dismissed on merits; an appeal was filed, in course of settlement. At this case was connected the case no. 988/30/2019.
5	Plaintiff: ELSA Defendant: UAT Biczaz 91/188/2020	<ol style="list-style-type: none"> <li>1. obliging the defendant to leave us in full ownership and possession of the land in the area of 10,524 sqm (from documents 22,265 sqm), located in Biczaz, Neamt county.</li> <li>2. rectification of the entries from the land book no. 52954 of Biczaz City, in the sense of elimination of inappropriate entries made in it, in order to agree on the tabular status with the real legal situation of the building, respectively the cancellation of the property right of the tabular owner Biczaz City and the registration of the property right of Societatea Energetice Electrica S.A.</li> <li>3. Order the defendant to pay the court costs.</li> </ol>	Bacau Court of Appeal	The court of first instance partially annuls the Decision of the Local Council of Biczaz no. 94/25.08.2016, respectively regarding the surface of 10,524 sqm of urban land 3, Biczaz, Energiei street (former Plant), located at the last position of the table in the Annex to HCL no. 94/25.08.2016, following the admission of the exception of illegality, invoked by the plaintiff. Dismisses the action brought by ELSA as unfounded. Admits in part the action in the rectification of the land book. It orders the rectification of the Land Book no. 52954 of the City of Biczaz, regarding the land with an area of 10,524 sqm, located in Biczaz, 3, Energiei street, Neamt County (former Uzinei), in the sense of deleting the property right of the defendant Biczaz city, as a result of the

Crt. no.	Parties/Case file number	Object	Court	Case status
				partial annulment of HCL no. 94/25.08.2016, regarding this land. Rejects as unfounded the applicant's request to order the rectification of the Land Book no. 52954 of the City of Bicz, regarding the land with an area of 10,524 sqm, located in Bicz, 3, Energiei street, Neamt County (former Uzinei), in the sense of registering the ELSA property right over the above mentioned land. ELSA filed an appeal, dismissed by the court. The decision was appealed, the recourse being definitively dismissed on 09.01.2023.
6	Plaintiff: DEER Defendant: ANARC (ANCOM) and Telekom Romania Communications SA 7407/2/2020	Appeal against Decision no. 1177 / 13.11.2020 of the ANARC President. It was requested the partial annulment of the ANCOM decision and the complete rejection of the Telekom Romania request.	Bucharest Court of Appeal	Action dismissed on the merits. With appeal within 15 days from communication.
7	Plaintiff: Valenii de Munte City Hall Defendant: DEER 2848/105/2020	Valenii de Munte City Hall requests the obligation of DEER (Ploiesti) to take over public lighting installations and to pay their equivalent value of RON 466,880.	Prahova Court	Action dismissed on the merits. With appeal within 15 days from communication.
8	Plaintiff: Grup 4 Instalatii Defendant: DEER 375/1285/2021	The obligation of DEER to recognize, to respect the property right of G4Instalatii regarding the buildings located in Cluj Napoca, 28A, Ilie Macelaru Street and 2, Uzinei Electric Street, registered in land book 297841 Cluj Napoca with no. 297841, consisting of land with an area of 10720 sqm and constructions: construction registered in land book with no. 297841-C1, construction of administrative headquarters with an area of 1560 sqm; body A, construction no. 297841- C2 - 512 sqm, building B, construction no. 297841 - C3 - 171 sqm, building C, construction no. 297841 - C4 - 338 sqm, building D, construction no. 297841-C6 - 348 sqm - 110/10 Kw Transformation Station. It is requested the handing over of the above buildings and the rectification of the land book registrations in the sense of: the annulment of the tabulation conclusions by which the DEER property right was registered, the deregistration of the land book property right, the registration of the property right in favor of G4I.	Cluj Court of Appeal	The court admits the exception of the material incompetence of the Cluj Specialized Tribunal, an exception invoked ex officio and consequently declines the competence to resolve the request for summons in favor of the Cluj Tribunal-Civil Section. Case admitted in part. An appeal was filed, in course of settlement.
9	Plaintiff: ELSA	1. obliging the defendants to leave us in	Hunedoara	Action admitted in part. ELSA

Crt. no.	Parties/Case file number	Object	Court	Case status
	Defendant: Kaufland Romania SCS, Deva City, through the Mayor and Deva City Council 156/221/2021*	full ownership and possession of the land surfaces that overlap with the ELSA land located in Deva municipality, 1, Dorobanti street, Hunedoara county, as follows: (a) Kaufland Romania SCS - land areas of 15 sqm and 50 sqm (part of the Kaufland Deva parking lot), identified by IE 68452, which overlap to the N-W with the land owned by Electrica; (b) Deva Municipality, through the Mayor and the Local Council of Deva Municipality - land areas: (i) 2 sqm (part of the "Playground for children"), identified by IE 71851, which overlaps to the NE with the land in the ownership of Electrica and (ii) of 23 sqm (part of "Calea Zarandului"), identified by IE 75973, which overlaps to the SW with the land owned by Electrica; 2. the delimitation of the above-mentioned properties, by establishing the boundary line according to the property deeds of the parties; 3. rectification of the entries in the land book regarding the above-mentioned land areas, in the sense of eliminating the inappropriate entries made, in order to reconcile the tabular status with the real legal situation of the real estate, respectively of the cancellation of the property right tabular owners and the registration of the property right of the applicant ELSA over these land areas.	Tribunal	filed an appeal – in course of settlement by Civil Section I of Hunedoara Tribunal (following the settlement of the lack of material competence of the court).
10	Creditor: Eurototal Comp SRL Debtor: DEER 1221/1285/2022	Insolvency – RON 1,255,000	Cluj Court of Appeal	The amount has been entirely paid on 3 January 2023 and the creditor waived the trail of the insolvency request, subsequently filing a recourse. Void recourse. Final.
11	Plaintiff: Sinan Mustafa Defendant: DEER SA 10249/211/2023	Action for contractual liability. Requests the payment of the amount of RON 144,978.69 representing the bonus not granted at the end of the mandate contract, and the related legal penalty interest.	Court Cluj-Napoca	In course of settlement.

Source: Electrica

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## Glossary

<b>ANRE</b>	Romanian Energy Regulatory Authority
<b>BoD</b>	Board of Directors
<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>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>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>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>RAB</b>	Regulated Asset Base
<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>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