

Summary of Consolidated Results for 2023 – 6 March 2024

Solid net profit and EBIDTA growth at consolidated level in 2023 of 11% and 27% respectively

The evolution of the main indicators for 2023:

- **EBITDA** – RON 1,732.7 mn., an increase of 27.1% or RON 369.8 mn. compared to 2022;
- **Operating income** – RON 13,333.8 mn., a slight decrease of 3.7% compared to 2022;
- **Net result** – net profit of RON 620.4 mn., an increase of 11% or RON 61.6 mn.;
- **CAPEX PIF (commissioned)** – RON 777.1 mn., increase of 62,2% compared to RON 479 mn. in 2022;
- **The individual net profit** obtained by **Electrica S.A.** in 2023 is RON 19.2 mn.. The gross dividend proposed to be distributed from the individual profit is in the amount of 0.1178 RON/share and the total gross dividend amount is 40 mil. RON.

Declaration from Chirita Alexandru-Aurelian, CEO of Electrica S.A.: "The Electrica Group has maintained a positive trajectory of its financial performance in 2023, with an EBITDA increase of over 27% and an 11% higher net profit compared to the previous year. It is a team effort and I thank all my colleagues for their sustained effort.

Last year also brought us other important events, such as the acceleration of initiatives in the renewable energy production segment and the launch of the corporate strategy for 2024-2030. By adopting the new strategic directions, aligned with those at the national and European level, we will play an important role in the energy transition and contribute to achieving the objectives of sustainability, efficiency and innovation in the field. At the same time, we aim to ensure solid prospects for the development of the companies in the Group and to meet both the needs of our customers and the expectations of our investors and shareholders."

Analysis of the consolidated financial indicators

The main results presented below are extracted from the Consolidated Financial Statements as of and for the period ended 31 December 2023 prepared in accordance with Order of Ministry of Public Finance 2844/2016:

Financial Results – in RON mn.*	2023	2022	Δ	Δ%	Q4 2023	Q4 2022	Δ	Δ%
Operating income, out of which	13,333.8	13,840.2	(506.4)	-3.7%	3,442.9	3,618.7	(175.7)	-4.9%
<i>Income from subsidies</i>	<i>3,287.9</i>	<i>2,687.1</i>	<i>600.8</i>	<i>22.4%</i>	<i>751.6</i>	<i>624.3</i>	<i>127.3</i>	<i>20.4%</i>
<i>Capitalised costs of intangible non-current assets</i>	<i>18.6</i>	<i>989.3</i>	<i>(970.7)</i>	<i>-98.1%</i>	<i>(47.7)</i>	<i>209.4</i>	<i>(257.2)</i>	<i>-</i>
Operating expense	(12,322.6)	(13,011.2)	688.6	-5.3%	(3,144.3)	(3,522.0)	377.7	-10.7%
Operating profit	1,011.1	828.9	182.2	22.0%	298.6	96.7	202.0	208.9%
EBITDA	1,732.7	1,362.9	369.8	27.1%	479.9	258.8	221.1	85.4%
Financial result	(293.8)	(165.0)	(128.8)	78.1%	(77.0)	(61.7)	(15.3)	24.7%
Net profit	620.4	558.8	61.6	11.0%	202.0	25.1	176.9	704.9%

*Amounts are rounded to the nearest whole value

Source: Electrica

In 2023, **EBITDA** at Electrica Group level increased by 27.1%, respectively by RON 369.8 mn., reaching a value of RON 1,732.7 mn., compared to the value of RON 1,362.9 mn. achieved in 2022.

The EBITDA growth in 2023 was mainly driven by the operational performance of the distribution segment on the back of the increase in electricity distribution revenues by approximately RON 1,014.8 mn., or 29.9%, to RON 4,411.5 mn. from RON 3,396.6 mn. in 2022.

The **operating profit** had an increase of 22.0%, reaching a value of RON 1,011.1 mn. due to the positive impact generated by the operating expense decrease of RON 688.6 mn., impact offset by the negative impact of the operating income of RON 506.4 mn..

The **net result** of the Electrica Group for 2023 slightly increase of RON 61.6 mn. (11.0%), result generated mainly by the performance of the distribution segment in the context of decreasing electricity costs to cover NL, as a result of the implementation of the MACEE centralized purchase mechanism, according to which the producers have the obligation to sell 80% of the available energy at a price of 450 RON/MWh, impact diminished by the increase in the volumes of electricity needed to cover losses in the network.

On the **distribution segment**, revenues increased by approximately RON 1,014.8 mn., or 29.9%, to RON 4,411.5 mn., from RON 3,396.6 mn. in 2022 mainly due to the increase in revenues recognized under IFRIC 12 (recognized based on the stage of execution of the works, according to the accounting policy regarding the recognition of income from construction contracts), to which was added the increase in distribution tariffs as well as the decrease in volumes of electricity distributed.

For the **supply segment**, the revenues from electricity and natural gas supply decreased in 2023 by approximately RON 905.8 mn., or 11.1%, to RON 7,280.3 mn. from RON 8,186.0 mn. in 2022 due to the decrease of quantities of electricity supplied in 2023 by approximately 9.1%, due to the decrease in the customer portfolio, as well as the decrease in consumption at the national level (as an effect of electricity price increases but also energy efficiency measures implemented). For the supply segment, both in 2023 and in 2022, the effect of retail electricity prices was covered by subsidies received from the state authorities, as a result of the application of the electricity and natural gas price ceiling mechanism, as a result of the application of Ordinance 27/2022, with subsequent amendments and additions.

As at 31 December 2023, the estimated amount for subsidies to be received from the Ministry of Energy was RON 2,595.6 mn. (31 December 2022: RON 1,280.8 mn.) and from County Agency for Payments and Social Inspection is RON 19.0 mn.. From the total amount of subsidies to be received, RON 1,528.7 mn. represent uncollected claims submitted to the state authorities.

Worth mentioning for the evolution in terms of financial performance 2023 vs. 2022, is the fact that in 2023, the capitalized NL was approximately RON 18.6 mn. compared to 2022 when a value of RON 989.3 mn. was recorded, as the Group managed to reduce the additional costs related to the purchase of electricity for NL in the distribution segment.

The operational performance was supported besides the decrease of NL costs by the reduction of other operational costs and by higher revenues from reactive energy.

It should be mentioned that the intangible assets created, together with the income from the capitalisation of NL costs, are non-cash. These revenues are recoverable in monetary terms (through billings and subsequent receipts) now and in subsequent periods, the first year being 2023, starting from 01 April 2023.

OTHER IMPORTANT OPERATIONAL INFORMATION

- **Distributed electricity volumes** – 17.05 TWh, down by 3,8% compared to 2022. DEER serves approx. 3.93 mn. users, over an area covering about 40.8% of Romania;
- **Volumes of electricity supplied to final customers** – 7.8 TWh, down by 9.1% compared to 2022, amid the general downward trend of electricity consumption; Electrica Furnizare supplies electricity to approx. 1.7 mn. consumption places on the competitive market, as well as in universal service and last resort;
- **Supply market share** - Electrica Furnizare is one of the largest suppliers, with a total market share of 16.61% and a competitive market share of 10.25%, according to the latest ANRE report available (November 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 aprox. 300 MW**;
- The **estimated Regulated Assets Base (RAB)**, in nominal terms, for the year 2023, estimated at the end of 2023 was RON 7.2 bn.;
- At the end of 2023, the operator Distribuție Energie Electrica România (DEER) realized and commissioned investments worth RON 777.1 mn, representing 101.7% of the annual value of the commissioning program planned for 2023 (i.e. RON 764.1 mn., of which RON 628.4 mn. is the plan related to 2023 and RON 135.6 mn. is carried over values related to 2022).

The results presented in this release are based on the consolidated financial statements prepared in accordance with the **Order of the Minister of Public Finance no. 2844/2016** for the approval of accounting regulations in accordance with International Financial Reporting Standards.

The documents related to the 12M 2023 results are available on Electrica's website at the following link: <https://www.electrica.ro/en/investors/general-meetings-of-shareholders/2024-gms/general-meeting-of-shareholders-as-of-25-april-2024/>.

We remind you that Electrica's management is organising on **11 March 2024, 16:00** (Romanian time), a web conference for analysts and investors: **Presentation of Electrica Group 2023 Financial Results**. The web conference can be accessed online under the following link: <https://87399.themediaframe.eu/links/electrica240311.html>.

No later than 25 March 2024, the financial statements prepared in accordance with IFRS-EU will also be published. We remind investors that, until 31 December 2021, the consolidated financial statements prepared in accordance with OMFP no. 2844/2016 were equivalent to IFRS-EU. As from 31 December 2022, according to the Order of the Ministry of Public Finance (OMFP) no. 3900/2022, a new clause has been provided for the regulatory accounts to cover additional expenses for the own technological consumption network for the actual energy costs compared to the ex-ante ANRE prices recognised in the distribution tariffs, by quarterly recognition of intangible assets for these additional expenses, whereas in the IFRS-EU set of consolidated financial statements, these expenses have a different applicable financial treatment.

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