

Summary of the IFRS-EU Consolidated Results for the 1st Quarter of 2024 – 15 May 2024

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

The evolution of the main indicators for 2024:

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

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

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

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

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

Analysis of the consolidated financial indicators

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

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

**Amounts are rounded to the nearest whole value*

Source: Electrica

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

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

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

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

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

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

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

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

OTHER IMPORTANT OPERATIONAL INFORMATION

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

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

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

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