

Announcement

Electrica Attracted Another Non-Reimbursable Financing in the Amount of EUR 17.4 million through the Modernisation Fund

Electrica announces to shareholders and investors that its subsidiary Distribuție Energie Electrica Romania (DEER) has attracted another non-refundable European financing through the Modernization Fund in the amount of EUR 17.36 million, representing 80% of the eligible expenses for an investment project in the electricity distribution network, a project whose estimated value is approximately EUR 27.65 million (including VAT).

This project completes the list of the 5 investment projects for which DEER already attracted approx. EUR 64.15 million (including VAT) through the Modernization Fund (Electrica sent two press release to the capital market 30 June - IRIS code 4EB49, LSE code RNS 5930E and on 19 June 2023 - IRIS code 647D5, LSE code RNS 1969D). Regarding the status of these 5 projects, 1 project is in execution, 3 projects are in the procurement phase and 1 project is in preparation for procurement.

This project is for the construction of a new 110/20/10 kV Transformer Station in the Someșeni district of Cluj-Napoca and aims to supply electricity to existing consumers in the eastern and metropolitan area of Cluj-Napoca, respectively Apahida commune. Someșeni district and its neighboring areas, namely Apahida commune, through Sannicoara, Apahida and Dezmir villages, is an area in full development process, both industrial and residential. In addition to the transformer station, the investment project aims to upgrade 5 transformer substations, building 2 new transformer substations, upgrading 110 kV power lines (4.2 km) and building new 110 kV power lines (38.2 km).

Of the total project value of lei 138.23 million (euro 27.65 million) (including VAT), the eligible costs are lei 108.5 million and the contribution received through the Modernisation Fund is lei 86.8 million (euro 17.36 million) (representing 80% of the eligible costs). For the part of ineligible costs, according to the Methodology for setting distribution tariffs, for fixed means related to investments in distribution networks made with own funds within projects co-financed by European non-reimbursable funds, put into operation starting from 1 February 2021, an incentive is established in the amount of 2 percentage points above the approved regulated rate of return.

Note: the values in EUR were estimated at an exchange rate of 5 RON/EUR

The Modernization Fund is a financing instrument that contributes to the objectives of the European Ecological Pact by supporting a socially just transition towards a green economy. More details about the modernization fund can be found on the official websites:

The Modernisation Fund is a financing instrument that contributes to the objectives of the European Climate Pact by supporting a socially just transition towards a green economy. More details about the Modernisation Fund can be found on the official websites:

- <https://modernisationfund.eu/> (only in English)
- <https://oportunitati-ue.gov.ro/en/program/fondul-pentru-modernizare/> (in Romanian and English)
- <https://energie.gov.ro/category/fondul-pentru-modernizare/> (only in Romanian)

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