

To: **Bucharest Stock Exchange (BSE)**
London Stock Exchange (LSE)
Romanian Financial Supervisory Authority (FSA)

Current report in compliance with the Law 24/2017 on issuers of financial instruments and market operations, the Romanian Capital Market Law no. 297/2004, FSA Regulation no. 5/2018, and the Bucharest Stock Exchange Code

Report date: **07 July 2023**

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

Headquarters: **9 Grigore Alexandrescu Street, 1st District, Bucharest, Romania**

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

Fiscal Code: **RO 13267221**

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

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

Regulated market where the issued securities are traded: **Bucharest Stock Exchange (BSE) and London Stock Exchange (LSE)**

Significant events to be reported: Resolution of a litigation against the Court of Accounts

Electrica informs the shareholders 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):

- 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, Romanian Filialele de Distributie a Energiei Electrica (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 fulfillment 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.

Legal Squad Director
Stefania Andruhovici