

Announcement

Electrică Attracted EUR 171 mil. Non-Reimbursable Financing Through the Modernisation Fund

Electrică announces its shareholders and investors that its subsidiary Distributie Energie Electrica Romania (DEER) has attracted EUR 171 mil. non-reimbursable financing through the Modernisation Fund, representing 80% of the eligible expenses for seven more new investment projects in the electricity distribution network, projects whose total estimated value is approx. RON 266 mil. (without VAT).

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.

These projects complete the list of the 6 investment projects for which DEER attracted about EUR 82 million through the Modernisation Fund (Electrică sent to the capital market two communications on June 30 - IRIS code 4EB49, LSE RNS code 5930E, June 19, 2023 - IRIS code 647D5, LSE RNS code 1969D, November 29, 2023 - IRIS code DA125, LSE code RNS 1065V). Regarding the status of these 6 projects, 3 projects are in execution, 2 projects are in the acquisition phase, and 1 project is in preparation for acquisition.

Thus, DEER has so far attracted about a quarter of a billion EUR from the Modernisation Fund, approximately 42% of the total financing already signed on the Modernisation Fund, with another 17 submitted projects.

"Through the Group-wide strategy, we aim to maximize the performance of the managed infrastructure and to accelerate the digital transformation of the business. This success represents a significant step in achieving our strategic objective of substantially increasing access to non-reimbursable funds for our investments. We congratulate our colleagues for this success and encourage them to continue at the same pace", said Alexandru Chirita, CEO of Electrică.

Three of the projects, totalling about EUR 161 million, of which approximately EUR 105 million are non-reimbursable funds, are for the implementation of the intelligent electricity metering system at the level of county capital cities in all areas covered by DEER, and involve both the installation of about 1.18 million smart meters for users located in county residence cities, as well as the modernisation of a number of 327 transformer substations with installation of distribution transformers with load adjustment (thus facilitating the connection of prosumers).

The other 4 projects, totalling EUR 104.86 million, of which EUR 66.13 million non-reimbursable funds, will be carried out in Sibiu, Galati and Dambovita counties and aim at modernising and building new electricity distribution networks on all voltage levels, modernising transformer stations, implementing digitization and smart metering systems.

More details can be found in the following table:

Investment project	Total project value (VAT included)	Max. amount financed by MF*	Deadline for completion
Implementation of the intelligent electricity metering system at the level of county capital cities in the Northern Transylvania area (Cluj-Napoca, Oradea, Zalau, Baia-Mare) – 400,895 installed smart meters – 94 modernised substations	EUR 56.88 million	EUR 37.01 million	30 June 2029

Investment project	Total project value (VAT included)	Max. amount financed by MF*	Deadline for completion
Implementation of the intelligent electricity metering system at the level of county capital cities in the Southern Transylvania area (Brasov, Sibiu, Targu Mures, Alba Iulia and Miercurea Ciuc) – 352,694 installed smart meters – 146 modernised substations	EUR 55.11 million	EUR 35.83 million	30 June 2029
Implementation of the intelligent electricity metering system at the level of the county capital cities in the Muntenia Nord area (Galati, Braila, Focsani, Ploiesti and Targoviste) – 354,401 installed smart meters – 87 upgraded substations	EUR 48.95 million	EUR 31.78 million	30 June 2029
Modernisation of electricity distribution networks, Rasinari commune, jud. Sibiu – 2,276 installed smart meters – 10.23 km medium voltage power lines – 24.50 km Low voltage power lines – 1,936 upgraded connections	€8.72 million	5.54 Mio. EUR	30 May 2027
Safety increase of the 110/20kV transformer station Sibiu Nord and closure of the 110kV loop between Sibiu Sud – Cisnadie – Dumbrava stations, jud. Sibiu – Modernisation of 110/20kV Sibiu Nord and 110/20kV Cisnadie transformer stations by replacing equipment and implementing digitization in the two transformer stations; – Increasing the safety degree of RED 110kV in mun. Sibiu by building 15.8km of 110kV LES;	47.64	30.25	31 December 2028
Modernisation of RED 110kV in the area Smardan-Barbosi-Filesti-Arcelor Mittal and modernisation and integration into SCADA substation 110/20/6kV Filesti, jud. Galati– – Modernisation of the 110/20/6kV transformer substation Filesti by replacing the equipment and implementing digitization in the transformer station; – Reconfiguration of RED 110kV in the area between Filesti, Smardan, Barboși and Arcelor Mittal transformer stations to increase operational safety; The works will also include the construction of 2.92km of 110kV OHL, the installation of four 110kV OHL poles and the connections with related Ol-Al conductors.	25.11	15.44	30 September 2027
Switching to 20kV Moreni municipality and modernisation of 110/20/10kV Moreni transformer substation, Dambovita county – 30.3km of medium voltage power grids; – 8053 smart meters – modernisation of Moreni 110/20/10kV transformer station by replacing primary equipment and implementing digitization.	23.39	14.90	31 March 2028
TOTAL	EUR 265.80 million	EUR 170.75 million	

* The maximum value financed through the Modernisation Fund does not include VAT (ineligible, being considered contribution of the beneficiary)

Note: the values in EUR were estimated at an exchange rate of 4.9604 RON/EUR

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/program/fondul-pentru-modernisare/> (in Romanian and English)
- <https://energie.gov.ro/category/fondul-pentru-modernisare/> (only in Romanian)

Contact details:

Electrica Investor Relations

E-mail: ir@electrica.ro

Telefon: +40 731 796 111

CEO

Alexandru-Aurelian Chirita