



## PREMIER ENERGY PLC

(a public company limited by shares incorporated under the laws of Cyprus)

**Offering of up to 35,937,859 newly issued and existing Offer Shares,  
at a price between RON 19.00 and RON 21.50 per Offer Share (the "Offer Price Range") and  
Admission of all Shares on the Regulated Market of the Bucharest Stock Exchange**



This document has been approved by the Romanian Financial Supervisory Authority (the "FSA") by Decision no. 446/7 May 2024, which is the Romanian competent authority for the purposes of Regulation (EU) 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, as amended (the "Prospectus Regulation"), following the delegation of the authority to approve the Prospectus from the Cyprus Securities and Exchange Commission (the "CySEC") to the FSA by decision dated 3 March 2022 issued by CySEC, as a prospectus (the "Prospectus") in accordance with Law no. 24/2017 on issuers of financial instruments and market operations, as republished and as subsequently amended and supplemented (the "Issuers and Markets Operations Law"), FSA Regulation no. 5/2018 on issuers of financial instruments and market operations, as amended ("Regulation no. 5/2018"), Prospectus Regulation and other relevant legislation. The FSA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation, such approval should not be considered as an endorsement of the Company that is the subject of this Prospectus.

This Prospectus relates to an offering (the "Offering") for (i) subscription of up to 25,000,250 newly issued ordinary shares (the "New Shares") by Premier Energy PLC (the "Company"), a public company limited by shares incorporated under the laws of Cyprus, and (ii) sale of up to 6,250,063 existing ordinary shares in the share capital of the Company (the "Existing Shares") by Emma Alpha Holding Ltd as selling shareholder ("Emma Holding" or the "Selling Shareholder"). In addition, to allow for stabilisation measures, the Managers were granted the Over-Allotment Option (as defined below) to allocate to investors, in addition to the New Shares and Existing Shares (together, the "Base Shares"), from the holdings of the Selling Shareholder, existing ordinary shares in the share capital of the Company up to a maximum of 15% of the total number of Base Shares (the "Over-Allotment Shares" and, together with the Base Shares, the "Offer Shares"). The maximum number of Offer Shares will thus be 35,937,859, composed of a maximum number of 31,250,313 Base Shares and a maximum number of 4,687,546 Over-Allotment Shares (the "Base Deal Scenario").

Upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may jointly decide to increase the number of Offer Shares by up to 20% of the number of Base Shares ("Upsize Option"), representing up to 6,250,063 additional Offer Shares (the "Upsize Shares"), out of which additional New Shares will be 80% and additional Existing Shares will be 20%. Therefore, if the Upsize Option is exercised, the Upsize Shares will consist of up to 5,000,050 additional New Shares offered by the Company and up to 1,250,013 additional Existing Shares offered by the Selling Shareholder. For the avoidance of doubt, should the Upsize Option be exercised, any reference herein to "Offer Shares" will be read as referring to the Offer Shares as increased by the Upsize Shares and the maximum number of Offer Shares will thus be 42,187,922 (the "Upsize Scenario"). Such increase of the Offer Shares will not require the preparation and publication of a supplement of the Prospectus.

Each share in the share capital of the Company (the "Share") has a par value of EUR 0.001 and, on voting held by poll, carries one vote for the purposes of shareholder meetings. The New Shares will be fully paid upon settlement (see "Settlement And Transfer"). The Offering price per Offer Share (as defined below) shall be within the limits of the Offer Price Range, shall be determined as per the mechanics described in "Subscription And Sale" and be published thereafter on the websites of the Bucharest Stock Exchange ("BSE") [www.bvb.ro](http://www.bvb.ro) and of the Company [www.premiereenergygroup.eu](http://www.premiereenergygroup.eu).

In connection with the placement of the Shares in the Offering, WOOD & Company, as stabilisation agent (the "Stabilisation Agent") on behalf of Citigroup, acting as the stabilisation manager (the "Stabilisation Manager") may (but will be under no obligation to), to the extent permitted by applicable law, effect stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Manager is not required to enter into such transactions and such transactions may be effected on the Bucharest Stock Exchange and may be undertaken at any time during the period commencing on the date of the commencement of trading of the Shares on the Regulated Spot Market of the Bucharest Stock Exchange and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilisation Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. In no event will measures be taken to stabilise the market price of the Shares above the Final Offer Price. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any stabilising transactions conducted in relation to the Offering.

In connection with the Offering, the Managers were granted the option (the "Over-Allotment Option") to allocate to investors Over-allotment Shares at the Final Offer Price. For the purpose of such potential Over-Allotment Option, the Stabilisation Agent, for the account of the Managers, will be provided with 4,687,546 Shares from the holdings of Emma Holding in the form of a securities loan. In addition, the Managers will be granted an option to acquire a number of Shares equal to the number of the Over-Allotment Shares at the Final Offer Price less agreed commissions (the "Greenshoe Option"). The Greenshoe Option will be exercisable to the extent the Over-Allotment Option was initially exercised. The number of Shares from the holdings of Emma Holding for which the Greenshoe Option is exercised is to be reduced by the number of Shares held by the Stabilisation Agent as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilisation Agent in the context of stabilisation measures. Any Over-Allotment Shares made available pursuant to the Over-Allotment Option will rank *pari passu* in all respects with the Base Shares, including for all dividends and other distributions declared, made or paid on the Base Shares, will be purchased on the same terms and conditions as the Base Shares being and will form a single class for all purposes with the other Offer Shares.

Application will be made for the admission of all the Shares to trading on the Regulated Market of the Bucharest Stock Exchange. The BSE is a regulated market in the European Economic Area (the "EEA") for the purposes of Directive 2014/65/EU of the European





Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (the "Directive on Markets in Financial Instruments"). Prior to the Offering, there has been no public market for the Shares.

This Prospectus has been approved by the FSA but has not been, and will not be, approved by CySEC or any other competent authority of the EEA.

Admission of all the Shares to trading on the Regulated Market of the BSE ("Admission") is expected to take place on or around 27 May 2024. The Shares are expected to be traded under the symbol "PE".

The Offering is structured as an offering of Offer Shares: (1) outside the United States of America (the "United States") in offshore transactions in reliance on Regulation S ("Regulation S") under the U.S. Securities Act of 1933, as amended (the "Securities Act"), including to the public in Romania; (2) and in the United States to "qualified institutional buyers" ("QIBs") as defined in, and in reliance on, Rule 144A ("Rule 144A") or another available exemption under the Securities Act. Prospective investors are hereby notified that any seller of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The distribution of this Prospectus and the offer and sale of the Offer Shares may be restricted by law in certain jurisdictions. Accordingly, neither this Prospectus nor any advertisement or any other Offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations. Persons in possession of this Prospectus are required by the Company and each of the Joint Global Coordinators and Joint Bookrunners (all as listed below and collectively, the Joint Global Coordinators and Joint Bookrunners together (the "Managers")) to inform themselves about and to observe any such restrictions. Any failure to comply with these regulations may constitute a violation of the securities laws of any such jurisdictions. See Section "Selling And Transfer Restrictions".

The offer period for the Offer Shares will commence on 8 May 2024 and expire on 15 May 2024 (the "Offer Period"). The Offer Period may be shortened, extended or terminated by the Company and the Selling Shareholder, upon the recommendation of, and in consultation with, the Joint Global Coordinators (as defined below), in each case in compliance with Romanian legislation.

An investment in the Offer Shares involves a high degree of risk. Prospective investors should read the entire document, and, in particular, should see the section "RISK FACTORS" for a discussion of certain matters that investors should consider prior to making an investment in the Shares. Prospective investors must be able to bear the economic risk of an investment in the Offer Shares and should be able to sustain a partial or total loss of their investment. The Offer Shares should be bought and traded only by persons knowledgeable in investment matters.

The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States. For a discussion of certain further restrictions on offers, sales and transfers of the Shares and the distribution of this Prospectus, see "Important Information About This Prospectus".

**THIS PROSPECTUS HAS BEEN APPROVED BY THE FSA. THE APPROVAL OF THIS PROSPECTUS DOES NOT CONSTITUTE A GUARANTEE OR ANY KIND OF ASSESSMENT BY THE FSA OF THE OPPORTUNITY, ADVANTAGES OR DISADVANTAGES, PROFIT OR RISKS INVOLVED BY THE TRANSACTIONS TO BE CONCLUDED FOLLOWING THE ACCEPTANCE OF THE OFFERING SUBJECT OF THE APPROVAL DECISION; THE APPROVAL DECISION CERTIFIES ONLY THAT THE PROSPECTUS COMPLIES WITH THE REQUIREMENTS OF THE LAW AND OF THE NORMS ADOPTED IN ITS APPLICATION.**

**READ THE PROSPECTUS BEFORE SUBSCRIBING**

|                    |                                   |                          |
|--------------------|-----------------------------------|--------------------------|
|                    | <i>Joint Global Co-ordinators</i> |                          |
| Citigroup          | UniCredit Bank GmbH, Milan        | WOOD & Company           |
|                    | Branch                            |                          |
|                    | <i>Joint Bookrunners</i>          |                          |
| Alpha Bank Romania |                                   | BT Capital Partners S.A. |

The date of this Prospectus is 7 May 2024.



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## SUMMARY

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| <b>Section A – Introduction and Warnings</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>A.1. Introduction</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>1.1 Name and ISIN of securities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| The Offering comprises of an offering for subscription of up to 25,000,250 newly issued ordinary shares of the Company ("New Shares") of the Company and the sale by the Selling Shareholder of up to 6,250,063 existing ordinary shares in the share capital of the Company ("Existing Shares") and up to 4,687,546 Over-Allotment Shares for which the Stabilisation Manager was granted an over-allotment option (the "Over-Allotment Option") to allow for stabilisation measures, if appropriate. In addition, upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may jointly decide to exercise the Upsize Option and increase the number of Offer Shares by up to 20% of the number of Base Shares, representing up to 6,250,063 Upsize Shares. All the Shares have been assigned the ISIN CY0200900914.                                                                                                                                                                                                                                                                              |
| <b>1.2 Identity and contact details of the Issuer, including LEI</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| The Issuer is Premier Energy PLC, a public company limited by shares organized and functioning under the Cypriot Companies Law. The Company was incorporated as a private company limited by shares and was registered in Cyprus on 11 December 2012 under the name Chapalaco Limited, with registration number HE 316455, pursuant to the Cypriot Companies Law. The Company's corporate seat is in Cyprus at Themistokli Dervi, 48, Athienitis Centennial Building, 3 <sup>rd</sup> Floor, office 303, 1066 Nicosia. The legal and commercial name of the Company is Premier Energy Plc. The telephone number of the Company's registered office is +357 22 222024.<br>Legal entity identifier ("LEI") of the Company is 213800UAOHO8R16T5W38.                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>1.3 Identity and contact details of the offerors</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Selling Shareholder</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Emma Alpha Holding Ltd, a private company limited by shares organized and functioning under the Cypriot Companies Law. The Selling Shareholder was registered in Cyprus on 11 December 2012 with registration number HE 313347. The Selling Shareholder's registered office is in Cyprus at 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3 <sup>rd</sup> floor, office 303, 1066 Nicosia. The telephone number of the Selling Shareholder's registered office is +357 22 222024 and email address is daletraris@emmacapital.com.cy.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Issuer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
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| <b>1.4 Identity and contact details of the competent authority which approved the Prospectus</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| This Prospectus was approved by the FSA, having its headquarters located at 15 Splaiul Independentei, 5th District, postal code 050092, Bucharest, Romania. The FSA's fax number is 021.659.60.51, its telephone number is 021.659.64.36, and its email address is office@asfromania.ro.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>1.5 Prospectus approval date</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| This Prospectus was approved by the FSA on 7 May 2024.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>A.2. Warnings and information regarding subsequent use of the Prospectus</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| This summary has been prepared in accordance with Article 7 of the Prospectus Regulation and should be read as an introduction to the prospectus (the "Prospectus"). Any decision to invest in the Offer Shares should be based on consideration of the Prospectus as a whole by the investor. Investment in the Offer Shares involves risks and investors may lose all or a part of their investment as a result of acquiring the Offer Shares. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor may, under the national legislation, have to bear the costs of translating the Prospectus before legal proceedings are initiated. Civil liability in relation to this summary, including any translation thereof, attaches only to the persons who have tabled this summary but only if this summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Shares. |
| <b>Section B – Key information on the issuer</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>B.1. Who is the issuer of the securities?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>a) Registered offices, legal form, LEI, legislation governing its activities and country of incorporation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| The issuer is Premier Energy PLC, a public company limited by shares organized and functioning under the Cypriot Companies Law. The Company was incorporated as a private company limited by shares and was registered in Cyprus on 11 December 2012 under the name Chapalaco Limited, with registration number HE 316455, pursuant to the Cypriot Companies Law. The Company's corporate seat is in Cyprus at 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3 <sup>rd</sup> Floor, office 303, 1066 Nicosia. The legal and commercial name of the Company is Premier Energy Plc. The telephone number of the Company's registered office is +357 22 222024.<br>The Company has 25 subsidiaries (the "Group").                                                                                                                                                                                                                                                                                                                                                                                                                                          |





#### b) Main activities

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in SEE. The Group has over 1,000 MW of renewable electricity generation capacity under ownership, management or in development in Romania and Moldova along with one of the fastest growing renewable electricity supply businesses in Romania and Moldova. In Romania, the Group is the third largest natural gas distributor in terms of volumes and network size with over 150,000 consumption points. In Moldova, the Group is the largest electricity distributor with almost one million consumption points and the largest electricity supplier with more than 840,000 supply clients, amounting to approximately 70% of the Moldovan population. Together with the signed and announced acquisition of CEZ Vanzare in Romania in December 2023, which was completed with effect from 15 April 2024, the Group will be serving a combined number of approximately 2.4 million gas and electricity supply clients in Romania and Moldova, the vast majority of which are households and small businesses. The Group's business strategy is aligned with the UN Sustainable Development Goals with a focus on Europe's Green Deal initiatives representing EU's proposals to make climate, energy, transport and taxation policies appropriate for reducing net greenhouse emissions by at least 55% by 2030 with clear ESG guidelines and policies in place.

#### c) Main shareholders, including if the issuer is directly or indirectly controlled and by whom

The table below sets forth certain information regarding the ownership of the Company's share capital prior to the Offer, and the ownership by the current shareholders immediately following the finalisation of the Offer, adjusted for the effects of New Shares issued in a sale of all Base Shares and Over-Allotment Shares (the "**Base Deal Scenario**") and for the sale of all Base Shares, Upsize Shares and Over-Allotment Shares (the "**Upsize Scenario**") and reflecting the changes of New Shares issued at the low-end and at the high-end of the Offer Price Range, in each case:

| Shareholders                | Shares owned in the Company, |                                             |                                           |
|-----------------------------|------------------------------|---------------------------------------------|-------------------------------------------|
|                             | before the Offering<br>%     | in a Base Deal Scenario <sup>(1)</sup><br>% | in an Upsize Scenario <sup>(2)</sup><br>% |
| Emma Alpha Holding Ltd ...  | 99.994%                      | 71.2452%                                    | 67.5435%                                  |
| Natural persons.....        | 0.006%                       | 0.0048%                                     | 0.0046%                                   |
| Others <sup>(3)</sup> ..... | -                            | 28.7500%                                    | 32.4519%                                  |
| <b>Total</b> .....          | <b>100%</b>                  | <b>100%</b>                                 | <b>100%</b>                               |

<sup>(1)</sup> Base Deal Scenario – assuming the sale of all Base Shares and Over-Allotment Shares.

<sup>(2)</sup> Upsize Scenario – assuming the full exercise of the Upsize Option and the sale of all Base Shares, Upsize Shares and Over-Allotment Shares.

<sup>(3)</sup> Includes free float and direct management holdings post-Offering.

#### d) Identity of main directors

The Company's board of directors (the "**Board of Directors**"), comprises 5 (five) members. The members of the Board of Directors (the "**Directors**") are appointed by ordinary resolution of the General Meeting of Shareholders. As at the date of this Prospectus, subject to the Admission to Trading, the members of the Board of Directors are the following:

| Name                                        | Date of birth | Position | Date of expiration of their mandate | The period during which the person served in the current position/ office |
|---------------------------------------------|---------------|----------|-------------------------------------|---------------------------------------------------------------------------|
| José Martin Garza.....                      | 1967          | Chairman | 2027                                | n.a                                                                       |
| Petr Stohr.....                             | 1975          | Member   | 2027                                | 2021                                                                      |
| Demetra Kalogerou (independent member)..... | 1969          | Member   | 2027                                | n.a                                                                       |
| Radka Blazkova.....                         | 1974          | Member   | 2027                                | 2013                                                                      |
| Mirela Covasa (independent member).....     | 1982          | Member   | 2027                                | n.a                                                                       |

The Company's key management is comprised of the following members:

| Name                   | Date of birth | Position | Date of expiration of their mandate | The period during which the person served in the current position/ office |
|------------------------|---------------|----------|-------------------------------------|---------------------------------------------------------------------------|
| José Martin Garza..... | 1967          | CEO      | 2028                                | n.a. <sup>(1)</sup>                                                       |
| Petr Stohr.....        | 1975          | CFO      | 2028                                | 2021                                                                      |

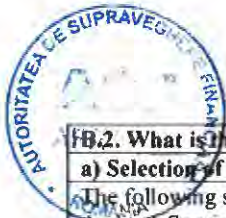
<sup>(1)</sup> Mr. Garza has been the CEO of Premier Energy S.R.L. since 2014.

Mr. José Martin Garza will be appointed as CEO of the Company and delegated the management powers effective the date of the Admission to Trading.

#### e) Identity of statutory auditor

Ernst & Young Cyprus Limited, with registered office at Stasinou Avenue 6, Jean Nouvel Tower, 1060, Nicosia, Cyprus, and Company registration number HE222520, a member of the Institute of Certified Public Accountants in Cyprus (ICPAC) with number E146, and audit practicing certificate number E146/A/2013, is the Issuer's statutory auditor.





## 10.2. What is the key financial information regarding the issuer?

### a) Selection of key historical information

The following selected financial information for the years ended 31 December 2023, 2022, and 2021 has been derived from the Audited Special Purpose Consolidated Financial Statements, prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union (the "IFRS-EU"), respectively.

#### Consolidated Statement of Profit or Loss and Other Comprehensive Income

|                                                                  | Year ended 31 December |                 |         |
|------------------------------------------------------------------|------------------------|-----------------|---------|
|                                                                  | 2023                   | 2022            | 2021    |
|                                                                  |                        | (in € thousand) |         |
| Revenues                                                         | 911,975                | 1,096,170       | 401,680 |
| Profit Before Tax                                                | 102,298                | 224,500         | 27,621  |
| Profit After Tax                                                 | 78,962                 | 183,244         | 22,312  |
| Total Comprehensive Income Attributable To Owners Of The Company | 82,347                 | 163,503         | 35,346  |

#### Statement of Consolidated Financial Position

|                               | As at 31 December |                 |         |
|-------------------------------|-------------------|-----------------|---------|
|                               | 2023              | 2022            | 2021    |
|                               |                   | (in € thousand) |         |
| Total assets                  | 730,840           | 633,874         | 393,126 |
| Total equity                  | 404,985           | 334,915         | 149,359 |
| <b>LIABILITIES</b>            |                   |                 |         |
| Non-current liabilities       |                   |                 |         |
| Total non-current liabilities | 171,805           | 133,223         | 112,969 |
| Current liabilities           |                   |                 |         |
| Total current liabilities     | 154,050           | 165,736         | 130,798 |
| Total liabilities             | 325,855           | 298,959         | 243,767 |
| Total liabilities and equity  | 730,840           | 633,874         | 393,126 |

#### Statement of Consolidated Cash Flows

|                                                        | Fiscal Year ended 31 December |                 |         |
|--------------------------------------------------------|-------------------------------|-----------------|---------|
|                                                        | 2023                          | 2022            | 2021    |
|                                                        |                               | (in € thousand) |         |
| Net Cash Generated From Operating Activities           | 118,198                       | 104,589         | 25,848  |
| Net Cash Used In Investing Activities                  | (64,117)                      | (47,120)        | (9,295) |
| Net Cash Used In Financing Activities                  | (22,137)                      | (20,741)        | (8,517) |
| Cash and Cash Equivalents At The Beginning Of The Year | 48,657                        | 12,176          | 3,991   |
| Net Movement In Cash and Cash Equivalent               | 31,944                        | 36,728          | 8,036   |
| Cash and Cash Equivalents at The End Of The Year       | 81,272                        | 48,657          | 12,176  |

On 21 December 2023, the Group signed a share purchase agreement for the acquisitions of a 100% share stake in CEZ Vanzare, an electricity and gas supply business providing approximately 3,157 GWh of electricity and gas to its customers and the acquisition took effect on 15 April 2024. The acquisition under consideration has satisfied the significance criteria set forth by the European Securities and Markets Authority (ESMA). Therefore, the unaudited pro forma financial information of the Group presented in this section and other places of this Prospectus has been prepared to illustrate the effect of the acquisition of CEZ Vanzare on the Group's Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023 had the acquisitions taken place on 1 January 2023 and on the Group's Statement of Financial Position as of 31 December 2023 had the acquisition of CEZ Vanzare taken place on 31 December 2023.

#### Unaudited Pro Forma consolidated statement of profit and loss and other comprehensive income for the year ended 31 December 2023

|                                         | As at 31 December |  |
|-----------------------------------------|-------------------|--|
|                                         | 2023              |  |
|                                         | (in € thousand)   |  |
| Revenues                                | 1,296,494         |  |
| Profit after tax                        | 99,490            |  |
| Total comprehensive income for the year | 116,433           |  |

#### Unaudited Pro Forma consolidated statement of financial position as at 31 December 2023

|                          | As at 31 December |  |
|--------------------------|-------------------|--|
|                          | 2023              |  |
|                          | (in € thousand)   |  |
| <b>ASSETS</b>            |                   |  |
| Total non-current assets | 475,031           |  |
| Total current assets     | 439,736           |  |
| Total assets             | 914,767           |  |





|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>EQUITY</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |         |
| Total equity .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 418,403 |
| <b>LIABILITIES</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |         |
| Total non-current liabilities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 177,667 |
| Total current liabilities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 323,697 |
| Total liabilities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 496,364 |
| Total liabilities and equity .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 914,767 |
| <b>b) Brief descriptions of any qualifications in the auditors' report relating to the historical financial information</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         |
| The audit report relating to the Issuer's historical information was not qualified.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |
| <b>B.3. What are the key risks that are specific to the issuer?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |
| Below are some of the main risks which are specific for the issuer:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |         |
| <ul style="list-style-type: none"> <li>➤ <i>The electricity generation, supply and distribution and gas supply and distribution industries are heavily regulated, with regulator decisions directly affecting the Group's business performance and profitability</i></li> <li>➤ <i>Government and regulatory decisions regarding production and supply of electricity and, in particular, permitted prices for electricity purchases and sales, may adversely affect the Group's revenue</i></li> <li>➤ <i>The Group faces risks from competition in the gas and electricity supply business and may experience customer churn as a result</i></li> <li>➤ <i>The Group's revenues and results of operations may be affected by seasonal variations in electricity and gas demand</i></li> <li>➤ <i>Volatility in the acquisition cost of electricity and natural gas may negatively impact the Group's financial position and results of operations</i></li> <li>➤ <i>The Group may be unable to successfully implement its business strategy and capital expenditure plans</i></li> <li>➤ <i>The Group's possible investments and acquisitions may not achieve the expected results and may present risks or uncertainties</i></li> <li>➤ <i>Defects in gas or electricity infrastructure or operational incidents may lead to disruptions, decreased efficiency as well as accidents, spills, leaks and other contamination</i></li> <li>➤ <i>Senior management team and other personnel may be difficult to attract and retain</i></li> <li>➤ <i>Due to its critical importance to Moldova, the Group's electricity network faces a heightened risk of being targeted by malicious attacks compared to less significant networks</i></li> </ul> |         |
| <b>Section C – Key information on the securities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |
| <b>C.1. What are the main features of the securities?</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |         |
| <b>a) Type, class and ISIN</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |         |
| All Offer Shares are ordinary, in registered form and certificated, and have the ISIN Code CY0200900914.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |         |
| <b>b) Currency, denomination, nominal value and number of securities issued</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |
| The Offering comprises an offering of up to 35,937,859 Offer Shares for subscription of up to 25,000,250 New Shares by the Company and sale by the Selling Shareholder of up to 6,250,063 Existing Shares and of up to 4,687,546 Over-Allotment Shares for which the Stabilisation Manager was granted the Over-Allotment Option to allow for stabilisation measures, if appropriate. In addition, upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may jointly decide to exercise the Upsize Option and increase the number of Offer Shares by up to 20% of the number of Base Shares, representing up to 6,250,063 Upsize Shares. Each share has a nominal value of EUR 0.001 and carries one vote, on voting held by poll, for the purposes of the shareholder meetings. The Existing Shares are fully paid in and the New Shares will be fully paid upon settlement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |         |
| <b>c) Rights granted by the securities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |         |
| Each Share carries one vote, on voting held by poll, for the purposes of shareholder meetings. All Shares carry equal dividend rights and grant each holder of the Shares the right to participate in the Company's profits. New Shares carry full dividend rights as of the date they are issued. Under the Cypriot Companies law, and the Articles of Association, and subject to the provisions contained therein, the Board of Directors can issue shares up to the limit of the authorized share capital. Any new issue of Shares, for cash consideration, is subject to the pre-emptive rights of existing Shareholders unless the pre-emptive rights are waived in the authorization to the Board by the Shareholders' resolution to proceed with issuance and allotment of such Shares.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |         |
| <b>d) Relative seniority of the securities in the issuer's capital structure in the event of insolvency</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |         |
| As of the Admission to Trading, the Company's share capital will be made up of a single class of ordinary shares that rank <i>pari passu</i> . Under Cypriot insolvency laws, among other duties, the liquidator has a duty to pay the debts of the Company and adjust the rights of the contributories (shareholders) among themselves. A creditor holding security over the assets of the Wound Up Company is a secured creditor and as such is entitled to the net proceeds (after deducting all expenses incurred) from the realisation of such assets in satisfaction of the obligations secured by such security. After such security has been repaid, the secured creditor will rank <i>pari passu</i> with the unsecured creditors of the Wound Up Company, with respect to the remaining amount (if any) due to it.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |         |





#### **e) Restriction to the free transferability of securities**

The Shares will be freely transferable but may be subject to certain lock-up restrictions. Pursuant to the Underwriting Agreement, the Company will agree that during the period from the date of the Underwriting Agreement to, and including, 360 calendar days from the Settlement Date, neither it nor any member of its group will, among other things, directly or indirectly offer, issue, sell, contract to sell, pledge, sell or grant any option over, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of the Shares, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or enter into any transaction with the same economic effect as any of the foregoing or publicly announce the intention to do any of the foregoing, without the prior written consent of the Joint Global Coordinators, subject to customary exceptions. Pursuant to the Underwriting Agreement (and, in the case of Mr. Stohr and Mr. Garza, a lock-up deed dated on or around the date of the Prospectus (the "Lock-up Deed")) each of the Selling Shareholder and Mr. Stohr and Mr. Garza will also agree that during the period from the date of the Underwriting Agreement to, and including, 180 calendar days (and respectively, 24 months in the case of Mr. Stohr and Mr. Garza) from the Settlement Date, it will not, among other things, directly or indirectly offer, issue, sell, contract to sell, pledge, sell or grant any option over, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell or lend or otherwise transfer or dispose of the Shares, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or enter into any transaction with the same economic effect as any of the foregoing or publicly announce the intention to do any of the foregoing, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), subject to customary exceptions and in respect of the Selling Shareholder, subject to any disposal for the purpose of pledging or charging any Share to or for the benefit of a margin loan lender in connection with a margin loan granted to the Selling Shareholder and any disposal for the purpose of transferring, selling and/or appropriating any Shares pursuant to any enforcement thereof.

#### **f) Dividend policy**

According to the Company's dividend policy, it is the Company's intention to pay dividends, subject to the applicable law and commercial considerations (including, without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions, and the Group's future projects and plans). While the Company intends to pay out 30% - 70% of its consolidated annual net profit as dividends. Dividends in future financial years following the Offering will be declared on the basis of the available profits generated by the Company.

#### **C.2. Where will the securities be traded?**

Once the Offering is successfully closed and the underlying transactions of the Offering are settled, the issuer intends to make an application for the admission of all the Shares to trading on the Regulated Market of the Bucharest Stock Exchange.

#### **C.3. Is there a guarantee attached to the securities?**

No.

#### **C.4. What are the key risks that are specific to the securities?**

Below are some of the main risks which are specific to the securities:

- *There is currently no trading market for the Shares and an active trading market for the Shares may not develop or may not be sustainable*
- *Price volatility of the Shares and liquidity may affect the performance of investments in the Group*
- *The interests of the Issuer's significant shareholders may conflict with the interests of other shareholders.*

### **Section D – Key information on the offer of securities to the public and/or the admission to trading on a regulated market**

#### **D.1. Under which conditions and timetable can I invest in the security?**

##### **a) General terms and conditions**

The Offering comprises an offering of up to 35,937,859 Offer Shares for subscription of up to 25,000,250 New Shares by the Company and sale by the Selling Shareholder of up to 6,250,063 Existing Shares and of up to 4,687,546 Over-Allotment Shares for which the Stabilisation Manager was granted the Over-Allotment Option to allow for stabilisation measures, if appropriate. Upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may jointly decide to exercise the Upsize Option and increase the number of Offer Shares by up to 20% of the number of Base Shares, representing up to 6,250,063 Upsize Shares, out of which additional New Shares will be 80% and additional Existing Shares will be 20%. Therefore, if the Upsize Option is exercised, the Upsize Shares will consist of up to 5,000,050 additional New Shares offered by the Company and up to 1,250,013 additional Existing Shares offered by the Selling Shareholder. For the avoidance of doubt, should the Upsize Option be exercised, any reference herein to "Offer Shares" will be read as referring to the Offer Shares as increased by the Upsize Shares and the maximum number of Offer Shares will thus be 42,187,922. Such increase of the Offer Shares will not require the preparation and publication of a supplement of the Prospectus. The final number of Offer Shares (including any Upsize Shares, as the case may be) will be decided by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators. The Offering is split into two Offering Tranches as follows: (i) 20% of the Offer Shares will be initially offered to retail investors (as defined below) (the "Retail Tranche"); and (ii) the remaining Offer Shares will be initially offered to institutional investors (as defined below) (the "Institutional Tranche").

"Institutional Investors" means (a) a "qualified investor", as defined in Article 2 (e) of the Prospectus Regulation), or (b) an "eligible counterparty" within the meaning of Directive 2014/65/EU of the European Parliament and of the Council on markets





in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), or (c) a "qualified investor" as defined in Article 2(e) of the Prospectus Regulation, as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), as amended, or (d) a QIB as defined in Rule 144A, or (e) an equivalent institution whose subscription in the Offering would not constitute a violation of applicable law or regulation and which is not located in any jurisdiction where the extension or availability of the Offering (and any other transaction contemplated thereby) would breach any applicable law or regulation; and

"Retail Investors" means any individual or entity (with or without legal personality) who does not meet the above criteria to qualify as an Institutional Investor.

The final size of each Offering Tranche will be determined by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators, based on the volume and price of subscriptions from investors, on the Allocation Date. There shall be no minimum size for the Offering Tranches. Upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may decide to re-allocate Offer Shares, representing a maximum of 10% of the total number of Offer Shares, from one Offering Tranche to the other Offering Tranche, on the basis of the subscription levels in each Offering Tranche. The re-allocation from the Retail Tranche to the Institutional Tranche shall occur only in case the Retail Tranche is less than 200% subscribed.

Offer Shares are offered at the Offer Price Range from RON 19.00 to RON 21.50 per Offer Share. The allocated Offer Shares will be sold to Institutional Investors at the Final Offer Price and only to those investors who subscribed Offer Shares at a price equal to, or higher than, the Final Offer Price. Retail Investors are entitled to a discount of 5 % of the Final Offer Price (the "Discounted Final Offer Price") for applications validly submitted in the first 3 (three) Business Days of the Offer Period (i.e., until and including 10 May 2024), except for applications submitted by Mr. Garza and Mr. Stohr which will not benefit of the Discounted Final Offer Price. Offer Shares which are subscribed for in the Retail Tranche starting with the 4<sup>th</sup> (fourth) Business Day of the Offering will be sold to Retail Investors at the Final Offer Price. The Offer Shares allocated in the Offering will be sold at the Final Offer Price or the Discounted Final Offer Price.

All Shares will be or have been created (as applicable) under, and conform to, the laws of Cyprus.

The subscribed Offer Shares will be allocated to investors by the Company and the Selling Shareholder, upon the recommendation of, and in consultation with the Joint Global Coordinators, on the Allocation Date.

#### **b) Calendar**

Key dates relating to the Offering include: opening of the Offering (8 May 2024); Allocation Date (15 May 2024); Transaction Date (16 May 2024); Settlement Date (20 May 2024); and First Day of Trading (on or around 27 May 2024). All such times are based on local Bucharest time and may suffer adjustments as indicated in this Prospectus.

#### **c) Admission to trading**

The Shares in the Company have not been and are not currently admitted to trading on any regulated market. Once the Offering is successfully closed and the underlying transactions of the Offering are settled, the Company intends to seek the Admission and introduction to trading of all of its Offer Shares on the regulated market operated by the BSE.

#### **d) Distribution of the Offer**

Retail Investors can subscribe through any of the Joint Bookrunners, the BT Distribution Group (as defined below) or any Eligible Participant. Institutional Investors can only subscribe through the Managers for Offer Shares during the entire Offer Period, during the working hours of the relevant Manager.

#### **e) Amount and immediate dilution resulting from the Offer**

Assuming a Base Deal Scenario and an Offer Price at the mid-point of the Offer Price Range and total Offering and Listing costs of the Company of EUR 11,276,564, the net proceeds to the Company from the issuance of the Offer Shares would amount to approximately EUR 90,456,664. On the assumption that the Base Deal Scenario had been fully implemented by and the Company had already received the net proceeds at 31 December 2023, the carrying amount of the thus-adjusted equity on the Company's statement of financial position as 31 December 2023, would have been EUR 495,441,664.

Assuming an Upsize Scenario and an Offer Price at the mid-point of the Offer Price Range and total Offering and Listing costs of the Company of EUR 12,547,514 the net proceeds to the Company from the issuance of the Offer Shares would amount to approximately EUR 109,532,361. On the assumption that the Upsize Scenario had been fully implemented by and the Company had already received the net proceeds at 31 December 2023, the carrying amount of the thus-adjusted equity on the Company's statement of financial position as 31 December 2023, would have been EUR 514,517,361.

#### **f) Estimate of total costs for the Offer**

The total costs and expenses of the Company related to the Offering and the Admission to Trading (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) are expected to be approximately EUR 11,276,564 in a Base Deal Scenario and EUR 12,547,514 in an Upsize Scenario, each assuming an Offer Price at the mid-point of the Offer Price Range. Each Manager and Eligible Participant will communicate to the investors who subscribe through it the fees that will be payable by such investors in connection with the submission of their subscriptions of the Offer Shares.





**g) Who is the offeror?**

**Premier Energy PLC** a public company limited by shares organized and functioning under the Cypriot Companies Law. The Company was incorporated as a private company limited by shares and was registered in Cyprus on 11 December 2012 under the name **Chapalaco Limited**, with registration number **HE 316455**, pursuant to the Cypriot Companies Law. The Company's corporate seat is in Cyprus at **48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3<sup>rd</sup> Floor, office 303, 1066 Nicosia**. The legal and commercial name of the Company is **Premier Energy Plc**. The telephone number of the Company's registered office is **+357 22 222024**.

**Emma Alpha Holding Ltd.**, a private company limited by shares organized and functioning under the Cypriot Companies Law. The Selling Shareholder was registered in Cyprus on 11 December 2012 with registration number **HE 313347**. The Selling Shareholder's registered office is in Cyprus at **48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3<sup>rd</sup> floor, office 303, 1066 Nicosia**. The telephone number of the Selling Shareholder's registered office is **+357 22 222024**.

**D.2. Why is the prospectus being produced?**

**a) Use and estimated net proceeds**

The Company will use the proceeds of the Offering for acquiring renewable energy assets in Romania and Moldova, as well as for capital expenditure on the development of renewable energy production assets.

The amount of the proceeds of the Offering as well as the related costs depend on, among others, on the Final Offer Price (which determines the Managers' fees) and the number of New Shares that will be sold in the Offering as well subject to the exercise of the Upsize Option. The Company will not receive any proceeds from the sale of the Over-Allotment Shares.

In a Base Deal Scenario, assuming the placement of all Base Shares and Over-Allotment Shares, the Company estimates that at the low end and the high end of the Offer Price Range, the gross proceeds for the Company would amount to approximately **EUR 95,453,399** and approximately **EUR 108,013,057** respectively, and after deducting costs and expenses related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) the net proceeds to the Company will amount to approximately **EUR 84,627,115** and approximately **EUR 96,478,530** respectively.

In an upsize scenario, assuming the placement of all Base Shares, Upsize Shares and Over-Allotment Shares, the Company estimates that at the low end and the high end of the Offer Price Range, the gross proceeds for the Company would amount to approximately **EUR 114,544,080** and approximately **EUR 129,615,670** respectively, and after deducting costs and expenses related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) the net proceeds to the Company will amount to approximately **EUR 102,525,155** and approximately **EUR 116,765,330** respectively.

**b) Offer being subject to a placement or underwriting agreement**

The Offering is not subject to an underwriting agreement from the Managers on a firm commitment basis; hence no portion of the Offering is covered by such arrangement.

**c) Indication of conflict of interest related to the offer or admission to trading**

Considering the intention to reward and incentivize **Mr. José Martin Garza**, as the Company's chief executive officer ("**Mr. Garza**"), and **Mr. Petr Stohr**, as the Company's chief financial officer ("**Mr. Stohr**"), to foster their loyalty and engagement with the Company and so to align their interests with all shareholders, the Selling Shareholder and the Company have decided to reserve a certain number of Offer Shares ("**Reserved Shares**") for allocation to **Mr. Garza** and **Mr. Stohr** within the Retail Tranche (the "**Preferred Allocation**"). The Preferred Allocation is limited to a maximum of **739,293** Offer Shares for **Mr. Garza** within the Retail Tranche (representing **2.057%** of the Offer Shares) and to a maximum of **123,216** Offer Shares for **Mr. Stohr** within the Retail Tranche (representing **0.343%** of the Offer Shares), in total representing **2.40%** of the Offer Shares (the "**Limit of the Preferred Allocation**"). The Reserved Shares shall be offered at the Final Offer Price and apart from the Preferred Allocation, **Mr. Garza** and **Mr. Stohr** will not benefit from any other preferential treatment within the Offering.

The Managers and their respective affiliates may have engaged in transactions with, and performed various investment banking, commercial banking, financial advisory and other services for, the Company and the Selling Shareholder and their respective affiliates, for which they received customary fees. The Managers and their respective affiliates may provide such services for the Company and the Selling Shareholder and their respective affiliates in the future.

In connection with the Offering, each of the Managers and any affiliate, acting as an investor for its own account may take up the Offer Shares and, in that capacity, may retain, acquire or sell for its own account such Offer Shares and any related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Managers and any affiliate acting in such capacity. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offering, one of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, which could result in such Managers acquiring shareholdings in the Company.



## 1. RISK FACTORS

*The Offering and an investment in the Offer Shares involve a high degree of risk. You should carefully consider the following information about these risks, together with the information contained elsewhere in this Prospectus, including the Audited Special Purpose Consolidated Financial Statements, before deciding whether to invest in the Offer Shares. Any of the following risks, individually or together, could have a material adverse effect on the Group's business, financial position and results of operations or prospects, which could lead to a decline of the trading price of the Shares, and you could lose all or part of your investment.*

*The Group has described the risks and uncertainties that its management believes are material at the date of this document, but these risks and uncertainties may not be the only ones the Group faces. Additional risks and uncertainties, including those about which the Group is currently not aware or which it deems immaterial, could have the effects set forth above. Prospective investors should be aware that the value of the Offer Shares and any income generated by them (if any) may increase or decrease and that investors may not be able to realise their initial investment. Thus, potential investors should apply special care when assessing the risks involved and should decide, individually, if such an investment is appropriate considering these risks.*

### **Risks relating to the Industry in which the Group operates**

***The electricity generation, supply and distribution and gas supply and distribution industries are heavily regulated, with regulator decisions directly affecting the Group's business performance and profitability***

The Group's three core business sectors, accounting for substantially all of its revenue, comprise of: (i) renewable energy generation, management and supply in Romania (collectively generating €186,237 thousand in revenues and €26,434 thousand in profit after tax in the year ended 31 December 2023), (ii) distribution and supply of natural gas to household and non-household customers in Romania (collectively generating €306,081 thousand in revenues and €6,224 thousand in profit after tax in the year ended 31 December 2023) and (iii) distribution and supply of electricity to household and non-household consumers in Moldova and renewable energy generation and management in Moldova (collectively generating €419,657 thousand in revenues and €55,305 thousand in profit after tax in the year ended 31 December 2023), which are reported as, respectively, the Romania Renewable Energy segment, the Natural Gas segment and the Moldova Electricity segment in the Audited Special Purpose Consolidated Financial Statements.

Generation, distribution and supply of electricity activities and distribution and supply of gas are regulated both in Romania and Moldova, with rules for, among others, caps for end-prices, regulated tariffs, fixed permitted return on investments, mandatory network investment requirements, regulated size of the distribution networks, public services obligation, and access to final customers. As a result, unlike in other industries, relevant regulators have a significant influence on the revenue and profit margin the Group is allowed to generate from such services and the Group's overall performance depends on, among other things, regulator rules and the Group's ability to adapt to any changes of such rules and regulator decisions.

For example, in Romania, while the gas supply market operates on free market principles, allowing the Group to determine its final customers gas prices (subject to certain caps) and purchase its own gas from producers or intermediaries, the Romanian gas distribution market is regulated, with Group returns depending on a regulated target for return on investment as applied to a regulated asset base ("RAB") comprising the Group's recognised permitted investments. Also, due to market volatility, the Romanian government has introduced in the past and may introduce in the future temporary gas price restrictions or other measures to control the final customer gas prices for certain customers of the Group, potentially impacting revenues and profitability (see "Risk Factors - Risks relating to the Industry in which the Group operates – Government and regulatory decisions regarding production and supply of electricity or natural gas and, in particular, permitted prices for electricity or natural gas purchases and sales, may adversely affect the Group's revenue"). In addition, as a measure to ensure the continuity and safety of gas supply, every licensed supplier which has final customers in its own portfolio, as well as every thermal energy producer in cogeneration plants and in thermal plants for consumption intended for the population as direct customers of natural gas producers ("PETs"), such as the Făgăraş Cogeneration Plant (which is majority owned by the Group), has the obligation to maintain a minimum stock of gas, which is established by (i) storing natural gas by concluding underground gas storage contracts with licensed operators and/or (ii) concluding of sale/purchase contracts until 31 October every year, covering quantities of natural gas from





underground gas storage facilities stored by another natural gas supplier; (iii) concluding contracts with another supplier for the storage of natural gas. The Romanian Energy Regulatory Authority ("Romanian ANRE") will publish on a yearly basis the level of minimum stock that needs to be reached on a national level for the respective year.

In Moldova both the supply (in respect of public service obligation providers) and distribution markets are currently fully regulated, with yearly regulated return on investment rates on the RAB covered by regulated tariffs for distribution services and yearly regulated tariffs for supply services.

As a result, the Group is subject to decisions imposed by multiple Romanian and Moldovan regulatory bodies, such as the Romanian ANRE, the Romanian National Supervisory Authority for Personal Data Processing, the Moldovan National Agency for Energy Regulation (the "Moldovan ANRE", and together with the Romanian ANRE, each the "ANRE" and collectively the "ANREs"), the Moldovan National Commission of Financial Market (the "Moldovan CNPF"), and the Moldovan National Centre for Personal Data Protection (the "Moldovan CNPDCP"). In their relationship with the Group, such regulatory authorities exercise considerable discretion in matters of interpretation and implementation of applicable laws, regulations and standards, the issuance and renewal of licenses, approvals and authorisations and monitoring licensees' compliance with the terms thereof.

In Romania, for example: (i) electricity producers are required to sell part of their electricity on the wholesale markets operated by the Romanian electricity and gas market operator – Opcom S.A. ("OPCOM"); (ii) electricity producers' ability to conclude bilaterally negotiated power purchase agreements with third parties on the wholesale market are subject to certain restrictions (see, "*Regulatory Matters – Conclusion of PPAs*"); (iii) electricity producers may be required to sell electricity to neighbouring countries under specific circumstances (e.g. to Moldova in 2022; for more details, see "*Regulatory Matters – Impact of enactments regarding measures applicable to final customers in the electricity and natural gas market on the electricity production – Law 357/2022*"); (iv) prices of electricity supplied to final customers are subject to price cap regulations (see, "*Regulatory Matters – Measures taken to protect the consumers from electricity price increases*") and (v) rights and obligations of electricity producers and suppliers in relation to green certificates are highly regulated (see, "*Regulatory Matters – Support scheme through green certificates*").

Romania's national regulations are underpinned by the regulations of the European Union. Moldova is also bound by its obligations under the Energy Community Treaty and should implement and maintain the EU acquis on energy, environment, competition and renewables, as defined by the Treaty, within a set timetable. Any material change in the regulations of the European Union may render changes in Romania's and Moldova's national regulations. These and other changes in regulations or government policies, or any failure to implement EU regulations in a timely manner or, particularly in the case of Moldova, at all, may materially and adversely impact the Group's prospects, business, financial position and the operating results.

***Government and regulatory decisions regarding production and supply of electricity or natural gas and, in particular, permitted prices for electricity or natural gas purchases and sales, may adversely affect the Group's revenue***

The liberalisation of the Romanian electricity supply market started in 2014, with the final stage taking place on 1 January 2021, when the household retail market was deregulated (meaning that the tariffs for supply of electricity have been deregulated for households). However, due to market volatility in 2022, the Romanian Government has subsequently introduced temporary electricity price caps and other measures to control the final-consumer electricity prices for certain categories of consumers, including a price cap for household consumers currently set between RON 0.68/kWh and RON 1.3/kWh and a price cap for non-household consumers currently set between RON 1/kWh and RON 1.3/kWh. Furthermore, due to the exceptional energy market conditions, the retail gas prices have been capped temporarily (until 31 March 2025) in case of household consumers to RON 0.31/kWh, VAT included, and in case of non-household consumers to RON 0.37/kWh, VAT included (for more details on the price caps, see "*Regulatory Matters – Measures taken to protect the consumers from electricity price increases*").

From 1 September 2022 to 31 March 2025 electricity producers are required to contribute to the Energy Transition Fund, with the contribution being established using the formula of the total delivered quantities multiplied by the difference between the monthly sale price and the reference price (RON 400 / MWh) (see "*Regulatory Matters – Impact of enactments regarding measures applicable to final customers in the*").





electricity and natural gas market on the electricity production" for details on the computation of the monthly sale price). The contribution is not applicable to electricity production capacities commissioned after 1 April 2022 and to heat supply companies that produce electricity through cogeneration, however, the Group's assets do not fall under these exemptions.

Furthermore, as of 1 April 2024 the maximum value of the weighted average price of electricity used by Romanian ANRE to calculate the amounts to be settled from the state budget for electricity suppliers decreased from RON 900/MWh to RON 700/MWh. Nevertheless, the recovery of the amounts due from the state budget to electricity suppliers was and continues to be performed with delay.

Any price caps or similar measures set by the Romanian ANRE may have a material adverse effect on the Group's prospects, business, financial position and the results of operations and the Group may have limited recourse to challenge any such changes.

***The financial performance of the Group's supply services could be adversely affected by temporary price restrictions or changes in tariffs***

Government and regulatory decisions which have recently been implemented sector-wide have directly or indirectly affected and may continue to affect the performance of the Group's supply services due to tariff mechanisms intended to avoid significant fluctuation in the price charged to end-customers for electricity and gas. The Group may not receive approval for tariff increases in any given year and/or regulated tariffs may be set at a level which would prevent the Group from maintaining or improving its margins. Furthermore, the Group may need to comply with certain targets and limits in respect of certain or all its customers (for example, through the Group's role as a gas last resort supplier) or may be required to meet certain thresholds of gas sold or purchased from wholesale or centralised markets.

In Romania, the gas supply market was deregulated both on the wholesale market (2017) as well as for the retail market (2020). As at the date of this Prospectus, the tariffs for supply of gas to both households and non-households have been completely deregulated and consumers are free to switch their gas supplier. However, due to market volatility, the Romanian government has introduced in the past and may introduce in the future temporary gas price caps or other measures to control the final customers gas prices for certain customers of the Group, potentially impacting revenues and profitability (see "Risk Factors - Risks relating to the Industry in which the Group operates – Government and regulatory decisions regarding production and supply of electricity or natural gas and, in particular, permitted prices for electricity or natural gas purchases and sales, may adversely affect the Group's revenue"). Any future unexpected emergency government measures may negatively impact the Group's results of operations and profitability.

In Moldova, where the electricity supply market is fully regulated (in respect of public service obligation providers), supply tariffs are examined and approved annually by the regulator based on the calculations made by the Group, which directly impacts the revenue and profits the Group can generate from its supply business. Any changes to the approved tariff levels may adversely affect the Group's operations and the Group may have limited recourse for adjustments. Furthermore, the Group has, in the past, and may be required in the future to recognise the effects of tariff deviations on its net income as the Moldovan ANRE recalculates the applicable tariff for the supply of electricity using the actual costs and capital expenditures incurred for the respective prior-year and the differences are taken into account (added or deducted) in the tariffs set for the next year. This may affect period to period comparability of results of operations for the Moldovan operations as it creates artificial volatility year-on-year in the revenue and other income statement line items.

Any adverse change in regulated tariffs set by the Moldovan ANRE, for the supply business could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

***The Group's revenue generated from distribution services depends on regulated tariffs and targeted returns as well as on the size of its regulated asset base ("RAB")***

In Romania, the Group operates a gas distribution network of over 3,500 km, with a regulated asset base (RAB) of €75 million as of 31 December 2023, underpinned by various concession agreements with the Romanian authorities (116 concessions as of 31 December 2023). In Moldova, the Group's electricity distribution network spans over 35,700 km of electrical lines and cables representing a RAB of USD 197 million (approx. €182.2 million) as of 31 December 2023. The Group's revenue from distribution services is generated through regulated tariffs that account for a targeted reasonable return on investment and for





operational costs. The size of the Group's RAB directly impacts the profitability of its distribution services in Moldova and Romania, as a basis to apply the target return on capital rates. The targeted return rates as well as changes to the RAB size (increases or decreases) are subject to national budgetary or regulatory decisions and such decisions may materially adversely affect the Group's prospects, results of operations and financial position.

In addition, the tariffs for gas distribution in Romania and electricity distribution in Moldova are approved by the Romanian ANRE or the Moldovan ANRE, respectively, according to the principles set out in the regulatory price setting methodology (see "*Industry Overview And Key Trends – Regulatory framework in Romania*" and "*Industry Overview And Key Trends – Regulatory framework in Moldova*"). However, as in Romania a new regulatory period would start in January 2025, there may be disagreements regarding the correct application of such methodology.

Furthermore, the Romanian ANRE or the Moldovan ANRE may delay or refuse to approve natural gas distribution tariffs or electricity distribution tariffs, and the tariffs approved by the Romanian ANRE or the Moldovan ANRE may not reach levels required to match the Group's expected return on capital expenditure or recovery of operational expenses ("OpEX"). In particular, the Group may not be able to operate at the level of efficiency assumed by the Romanian ANRE or the Moldovan ANRE. For example, OpEx allowances, network loss targets and cost of debt targets could all be insufficient to cover for actual levels of costs. See also "*INDUSTRY OVERVIEW AND KEY TRENDS – Regulatory framework in Romania*" and "*INDUSTRY OVERVIEW AND KEY TRENDS – Regulatory framework in Moldova*". These targets are set by the Romanian ANRE, or Moldovan ANRE, as applicable and there can be no assurance that they will be met by the distribution subsidiaries of the Group. In addition, capital expenditure in the Group's distribution sector to upgrade or extend the distribution network may not ultimately be fully recognised by the Romanian ANRE or the Moldovan ANRE as part of the RAB. Any of these risks could prevent the Group from achieving its financial target.

***The Group relies on certain gas producers and electricity producers***

The Group's gas supply business relies on natural gas from large national and international producers as well as intermediaries (including one of the first private Romanian companies with a LNG terminal capacity in Greece, which has a cross-border import capacity into Bulgaria, Romania and Hungary) and through the wholesale market for natural gas. Although historically the Group was able to replace certain gas suppliers in a short-term when needed, some intermediary gas import suppliers have defaulted on their gas delivery obligations in the past, and other suppliers may default on their obligations in the future, potentially requiring the Group to find alternative suppliers on short notice, at possibly less attractive prices.

In Moldova, where the Group operates on an electricity supply market which is fully regulated, the Group's electricity supply business relies on electricity providers, as of now, selected by the Moldovan government, paying fixed prices approved by the Moldovan ANRE based on the underlying purchase cost and contracts. Nevertheless, if the government-selected electricity producers experience interruptions or are otherwise not able to provide electricity, the Group's electricity supply and distribution services may be adversely affected.

If the gas producers or the Moldovan electricity producers that the Group relies on in its business experience any interruptions, this might have a material adverse effect on the Group's business, results of operations, financial position and prospects.

***The Group faces risks from competition in the gas and electricity supply business and may experience customer churn as a result***

The Group's supply business, in particular its operations in Romania, are exposed to competition from other participants in the open market, potentially causing the Group to lose end-customers switching their supplier from the Group to other competitors (process known as "churn") if the Group is not able to compete efficiently on price and scope of services it provides. In Romania suppliers are free to purchase their required energy amounts on the wholesale market, and as a result, are able to set their own prices for final customers. While, in the Group's experience, prices across competitors average out over a medium- to long-term period, temporary divergence in final customers energy prices between the Group and other suppliers who react more quickly to price changes in the wholesale markets has reduced and may in the future reduce the number of clients for the Group's supply services due to churn for periods where the Group is charging higher final customers prices. Also, increased competition may force the Group to lower prices or lead to a



decrease in the volume of energy supplied by it. All these factors may have a material adverse effect on the Group's business, results of operations, financial position and prospects.

***The Group's revenues and results of operations may be affected by seasonal variations in electricity and gas demand and climate related risks***

Natural gas, electricity and heat consumption is seasonal and is significantly affected by climate conditions. Natural gas consumption is generally higher during the cold winter months while electricity consumption is higher during the hot summer months. The Group's activity may also be significantly affected by climate conditions, for example in extremely hot or cold temperatures where final customers demand does not match the Group's expectations on gas or electricity consumption. Consequently, the Group's income reflects the seasonal character of the demand for natural gas and electricity and periodic reporting may be adversely affected by significant variations in climate conditions, such as warm winters reducing the need for gas. If the Group is not successful in anticipating such significant variations in climate conditions, they may materially adversely affect the Group's business and results of operations.

At the same time, extreme weather events can impact the energy supply continuity, damage the Company's facilities, and trigger extra insurance costs (see "The Group's business requires on-going maintenance, upgrading and replacement of components and/or elements of its infrastructure" and "The Group's current insurance coverage may not be sufficient to cover all losses it may sustain.").

Furthermore, climate change, and its long-term effects on regional weather patterns in Romania or Moldova may significantly impact demand for gas and electricity trends. All these could also have a material adverse effect on the Group's business, financial position and results of operations.

The transition to a low carbon business model driven by market trends and stricter regulation on climate change can trigger additional costs, early obsolescence of supply infrastructure and continuous need of new capex for grid efficiency and adaptation and increasing competition.

***Volatility in the acquisition cost of electricity and natural gas may negatively impact the Group's financial position and results of operations***

Electricity and natural gas prices have in the past been and are likely to continue to be highly volatile for certain periods of time. The price of electricity and natural gas as tradable commodities depends on, among other things, global demand and supply, economic fluctuations, competition, macroeconomic events and political and governmental decisions, as well as on the structure of the selling markets for such commodities. Fluctuations in electricity or natural gas prices and, in particular, a material increase in the price of electricity or natural gas on the wholesale markets may cause a mismatch between the price the Group has to pay to purchase its electricity or gas (usually paid several months in advance) and the amount of revenue it is able to realise from selling such electricity and gas to end residential or industrial consumers.

Moreover, the Group's ability to pass on the price for the supply of electricity or natural gas further on to residential or industrial consumers is difficult to predict and it can be outside of the Group's control as this is currently regulated by the Romanian and Moldovan governments, respectively, and it may be subject to emergency regulatory measures in times of high volatility. The Group cannot fully control the price it collects for the electricity it distributes/supplies and the gas it supplies, which may ultimately impact the retention of certain customers and/or the implementation of certain planned or potential projects of the Group.

Unanticipated price fluctuations for the electricity or natural gas supply leading to significant variations between the price of electricity or gas purchased by the Group and the price at which it sells such electricity or gas, which in turn could negatively affect the business, results and prospects of the Group.

#### **Macroeconomic and Geopolitical Risks impacting the Group**

***Hostilities in neighbouring countries, such as the war in Ukraine, may adversely affect the economies in which the Group operates and, accordingly, the Group's financial condition and results of operations***

Some Eastern European countries have from time-to-time experienced instances of hostilities with neighbouring countries (such as the war between Russia and Ukraine). Political and military instability in the region caused by the Russian invasion of Ukraine in February 2022, preceded by the loss of control of the Crimean Peninsula to Russia and the conflict in Eastern Ukraine with pro-Russian separatists in 2014,







as well as international sanctions imposed on Russia as a result of these events, may lead to deeply unfavourable economic conditions, social unrest or widespread military confrontation in the region or elsewhere. The effects are largely unpredictable and may include a significant and adverse effect on Romania's and Moldova's economic and financial stability either directly or indirectly. Effects of a military conflict are extremely unpredictable and may have extreme material adverse effects on the Group's operations, on the entire economies of Romania, Moldova or on Europe as a whole, and may include significant increases in energy prices, drop in investments caused by uncertainty, further economic sanctions which may negatively affect the economies in which the Group operates, significant currency fluctuations, trading and capital flows.

Overall, Russia accounted for a significant proportion of European gas supply. Although Romania depends on Russian gas supplies to lesser extent than other European countries and the Group's activity in Romania is not dependent from gas imports from Russia and, furthermore, historically the Group managed to change gas suppliers when needed, there is no assurance that the Group would manage to successfully do so in the future and, as a consequence, the Group's business, financial position, results of operations and prospects may be significantly and adversely affected. In addition, in Moldova, approximately 85% of the total installed electric energy production capacity is located in its break-away Eastern region (the Transnistria Region), making it vulnerable to separatist actions. If the Moldovan government is not able to find adequate alternative electricity supply in case of any disruptions to electricity production or if the government defaults on its payment obligations to the energy suppliers, this may adversely affect the Group's ability to operate in Moldova. Moldova plans to mitigate these risks by developing the interconnection with the European UCTE system, via the Romanian power system, during the following three years (2025-2027).

Moreover, an eventual halt of the Russian natural gas supply to the Transnistria region may trigger an upward pressure on the electricity prices in Moldova (which would, however, be covered by the supply tariff).

Political conflicts, mutual or unilateral embargoes and bans, military activity, separatist activities or terrorist attacks in the future could further influence the economies of Eastern Europe by disrupting communications, making travels more difficult and deterring inwards investment. Such political tensions could create a greater perception that investments in companies in Eastern Europe involve a higher degree of risk. These and other potential political tensions in the region could have a materially adverse effect on the Group's business, prospects, results of operations and financial position.

***The countries in which the Group operates are subject to greater risks than more developed markets with potential adverse effects from legal, economic, fiscal and political developments***

Investors in emerging and frontier markets such as the countries in which the Group has its operations should be aware that these markets are subject to greater legal, economic, fiscal and political risks than mature markets and are subject to rapid and sometimes unpredictable changes. In general, investing in the securities of issuers with substantial operations in emerging or frontier markets such as the Eastern Europe region, involves a higher degree of risk than investing in the securities of issuers with substantial operations in the countries of Western Europe or other similar jurisdictions. Changes in economic and political situations in one emerging or frontier market country may have a negative or consequential impact on the economic and political situation in other emerging or frontier market countries. For example, political uncertainty in Romania and Moldova has caused, and may cause unforeseen changes to the respective countries' fiscal and economic policies, which may impact the Group's ability to maintain long-term business plans including as a result of government emergency ordinances affecting the energy sector, as well as causing temporary reduction in foreign direct investment. Furthermore, any real or perceived systemic issues with the banking or financial sectors (as was the case for Moldova during 2014-2015, when three large banks were put into liquidation following the largest bank fraud in the history of the country, resulting in a loss estimated at USD 1 billion from the public budget) could severely affect investor trust and the investment climate overall. As in the past, the volatility of financial markets leads to an increase in perceived risks associated with investments in emerging economies and, therefore, could reduce foreign investment in Romania and Moldova. In this case, the Romanian and Moldovan economies could face serious liquidity problems, which could lead, among other things, to increased tax rates or the imposition of new taxes and duties, with a negative impact on activity, operating results and the financial situation of the Group.



For instance, Romania is experiencing several fiscal changes in 2024, including:

- starting from January 2024, all companies operating in Romania must register with the Romanian "e-Factura" (e-invoicing) System, which could trigger significant business disruptions;
- a new (specific) turnover tax, in addition to the profit tax for legal entities operating in the oil and natural gas sectors;
- the increase of VAT from 5% to 9% on the supply of photovoltaic panels and other goods for the production of green energy.

The Group's operations in the Eastern Europe region are exposed to risks which are common to all regions that have recently undergone, or are undergoing political, economic and social change, including currency fluctuations, an evolving regulatory environment, inflation, economic downturns, local market disruptions, labour unrest, population migration, changes in disposable income or gross national product, variations in interest rates and taxation policies, capital flight, actual and perceived corruption, and other similar factors. Political or economic instability resulting from the occurrence of any of these risks may adversely affect the energy market in the Eastern Europe region. Such events could reduce the Group's income, which could have a material adverse effect on the Group's business, financial position, prospects and results of operations.

***Moldova continues to be affected by the results of the Transnistrian conflict and any change in the status quo may have a material impact on the Moldovan economy and the Group***

The breakaway region of Transnistria is a 4,163 square kilometre strip of land located alongside the left bank of the Dniester river, on the border of Ukraine, that has split from Moldova after a short civil war in 1992 and has declared itself an independent country (the Pridnestrovian Moldavian Republic, or PMR). It currently remains largely unrecognised. Due to the high concentration of industrial and energy facilities in this region, the secession dealt a significant and long-lasting blow to the Moldovan economy. Currently, the Moldovan Government does not have control over the area of Transnistria, which causes a number of issues, including the inability to enforce customs laws across the entirety of the Moldovan border (with Transnistria often cited as a source of contraband) and the inability to adequately monitor potential money laundering schemes that go through Transnistria. Further, the existence of this conflict is a significant roadblock for deepening integration with the EU. The government of Transnistria is supported by the Russian Federation, including by the stationing of Russian troops, officially on a peacekeeping mission.

Reintegration with Transnistria is supported by Moldova's development partners, including the EU and, in particular, the OSCE. The process has however not yielded significant results so far. Any increase in tensions between the official government of Moldova and the government of Transnistria, whether on economic, political, linguistic or other grounds (such as, for example, the tensions caused in January 2024 by the obligation of companies in Transnistria to comply with Moldovan customs tariffs), could lead to a heightened security state or a state of emergency in Moldova, which could materially affect the Moldovan economy. Further, any open conflict between Moldova and Transnistria, and implicitly with the Russian Federation, could have a material negative effect on the Moldovan economy, in particular due to the fact that the main part of Moldova's generation capacity is located in Transnistria and the majority of Moldova's high-voltage transmission lines are connected through a hub in Transnistria. Moldova plans to mitigate this risk by developing the interconnection with the European UCTE system, via the Romanian power system, during the following three years (2025-2027).

Any of the above could have a material adverse effect on the Group's business, financial position, prospects and results of operations.

***Corruption could create a difficult business climate in Romania and Moldova***

Corruption is one of the main risks confronting companies with business operations in Romania and Moldova. International and local media, as well as international organisations, have been issuing numerous alerting reports on the levels of corruption in these countries. For example, the 2023 Transparency International Corruption Perceptions Index, which evaluates data on corruption in countries throughout the world and ranks countries from 1 (least corrupt) to 180 (most corrupt), ranked Romania in the 63<sup>rd</sup> and Moldova in the 76<sup>th</sup> position (2022: 63 for Romania and 91 for Moldova).







Corruption has been reported to affect the judicial systems and some of the regulatory and administrative bodies in Romania and Moldova, which may be relevant for the Group's business and could have an adverse effect on the Group's business, prospects, results of operations and financial condition.

***Moldova's Accession Process to the European Union may be delayed or suspended***

Moldova has expressed its intention to become a member of the EU, and steps have been taken towards initiating the accession process. The prospect of EU membership is expected to lead to significant economic reform and investment in the region, from which the Group stands to benefit. However, the accession process is complex and subject to the unanimous approval of all current EU member states. It involves rigorous assessments and the implementation of extensive political, economic, and legal reforms to meet the EU's *acquis communautaire*.

Several factors could contribute to a delay or suspension of Moldova's application, including but not limited to:

- changes in the political climate within Moldova that could affect the country's ability or willingness to meet the EU's requirements;
- shifts in the EU's enlargement policy or priorities, particularly in response to geopolitical events or internal EU considerations;
- opposition from existing EU member states, which may be influenced by a variety of political, economic, or social factors;
- economic instability or setbacks in Moldova that could impede the reform process or lead to non-compliance with the EU's standards.

A significant delay or the suspension of Moldova's EU accession process could result in a less favourable business environment and could have an adverse effect on the Group's business, prospects, results of operations and financial condition.

**Risk related to the Group's Business**

***The Group may be unable to successfully implement its business strategy and capital expenditure plans***

The Group's future financial performance and success depend on its ability to implement its business strategy and to successfully manage growth and expansion. This relies on certain management assumptions and estimates of the expected developments in the energy markets of Romania and Moldova and is subject to obtaining the necessary regulatory approvals. The process of obtaining the necessary authorisations from relevant regulatory authorities for new projects can be protracted, subject to numerous factors both within and outside the Group's control and the Group faces the risk of encountering significant delays in obtaining such authorisations (see also "*RISK FACTORS - Risks related to Legal Matters – The Group is subject to significant regulatory requirements and is required to maintain regulatory approvals, which may cause higher than anticipated compliance costs*"). Achieving such growth and expansion also requires significant managerial, financial and operational resources. The Group's future operating results depend significantly upon its ability to continue to implement, develop and improve operational, financial and information systems on a timely basis, to implement adequate internal control over financial reporting and disclosure controls and procedures and to expand, train, motivate and manage its key senior management personnel and workforce. However, there is no assurance that the Group will be able to successfully implement its strategy or that this will sustain or improve, and not harm, the Group's results of operations. At the same time, historical revenue growth or operation expansion may not be indicative of future performance and the Group may not reach its growth objectives.

An inability to successfully manage growth and expansion projects due to any of these or other factors may lead to increased costs, a decrease in the quality of offered services, decline in the amount of gas and electricity supplied and delivered, resulting in reduced profitability which may in turn materially adversely affect the Group's prospects, business, financial position and results of operations.





***The Group's possible investments and acquisitions may not achieve the expected results and may present risks or uncertainties***

The Group pursues a growth strategy which may involve investments and/or acquisitions. There can be no assurance that the Group will be able to identify suitable opportunities for acquisitions or investments, that such transactions will be successful or that the Group will be able to complete any such transactions on terms and conditions acceptable to it, due to lack of sufficient financing or for other reasons.

The Group's ability to integrate and manage acquired businesses effectively and to handle any future growth will depend upon a number of factors including the size of the acquired businesses, the quality of the acquired management, the nature and geographical locations of their operations, and the resulting complexity of integrating their operations. The Group may encounter unforeseen significant difficulties when carrying out potential transactions, such as increased demand for management time and increased integration costs, or unanticipated due diligence risks. Therefore, there is no guarantee that any future acquisition will yield benefits that would be sufficient to justify the expenses the Group incurs. If the Group's acquisitions or investments are not successful, it may result in loss of all or part of its investment, and therefore its business, financial position, results of operations and prospects could be materially and adversely affected.

***The Group's strategy includes a further expansion into green and renewable energy generation capacity, exposing the Group to risks specific to the acquisitions and development and operation of renewable energy generation projects***

Since 2022, the Group has expanded its operations into renewable energy generation to become one of the largest renewable energy suppliers in Romania and the largest renewable energy supplier in Moldova. For example in early 2022, the Group completed the acquisitions of Ecoenergia S.R.L., a 34.5 MW wind farm company and the acquisition of a 51% stake in Alive Capital S.A., a company providing integrated asset management services to renewable energy producers and energy supply to both energy suppliers and final customers in Romania. The Group has also acquired several wind farms and solar plants and is developing solar plants and wind parks in multiple locations in Romania and Moldova. Additionally, the Group is currently evaluating several renewable energy projects in both Romania and in Moldova and may continue to do so in the future. The development, operation and profitability of renewable energy projects are significantly dependent on policies and regulatory frameworks that support such development and operation and the Group cannot guarantee that such support, policies or regulatory frameworks in the jurisdictions in which it operates will be maintained. The assumptions and forecasts underpinning the valuations of these investments may be inaccurate or may not materialise resulting in potential write-offs or future losses for the Group.

Future expansion of the Group's renewable operations will increasingly expose the Group to a variety of risks specific to the development and operation of renewable energy generation projects, and there can be no assurance that the Group will be successful in managing these risks or that it will be able to meet its target of reaching 1,400 – 1,600 MW of installed owned or managed green energy capacity by the end of 2026. These include risks of:

- being unable to identify and consummate suitable renewable energy acquisition and development opportunities;
- being unable to obtain, or facing delays in obtaining, requisite regulatory licenses or authorisations for renewable energy projects, especially obtaining grid connection permits and concluding grid connection agreements that would provide for significant investment obligations due to poor condition of the grid;
- restrictions in the injection into the National Energy System of the entire power produced by the Group due to power restrictions that may be imposed by Transelectrica (which is the sole operator of the electricity transmission grid);
- construction risks arising from renewable energy development projects, particularly from a technical perspective in relation to the timing of construction phases, that may cause an increase in costs or delays to commencement of power generation, including, for example, the risk that necessary equipment and labour may not be available to meet the Group's requirements whether





due to market fluctuations in the demand for equipment or labour, the cost and availability of specific equipment, the failure of a contractor to perform its contracted services or otherwise;

- a potentially upward trend in costs associated with the construction of renewable energy development projects and supply chain risks as a consequence of the increased demand for materials and services, which is a consequence of the global shift towards sustainable energy sources;
- generation yield assessments for renewable energy generation projects not reflecting actual results;
- the capture price effects, where generated renewable energy (for which the rate of generation cannot be easily adjusted, and energy production may not be easily stored) needs to be sold at low prices during periods of abundant energy supply;
- ineffectively staffing and managing the Group's expanded operations and facing unanticipated difficulties in the integration of existing management teams and operations, particularly in new market sectors with which the Group has less experience;
- difficulty in obtaining long-term debt financing for renewable development projects due to a lack of long-term Power Purchase Agreements ("PPAs") in the market;
- inability to keep pace with technological changes in the rapidly evolving renewable energy sector; and
- increased competition.

Any of the above factors could have a material adverse effect on the Group's business, results of operations and financial position.

***The Group's electricity output from its wind farms is subject to fluctuations in wind conditions***

There can be no assurance that the wind conditions at the Group's wind farms will be consistent with the Group's operational assumptions, or that climatic and environmental conditions will not change from the prevailing conditions at the time the Group's operational assumptions are made. Long-term predictions are subject to uncertainties due to, among other things, the placement of wind measuring equipment, the amount of data available, the extrapolation and forecasting methods used to estimate wind speeds and differences in atmospheric conditions and errors in meteorological measurements. Moreover, even if the actual wind conditions at the wind farms are consistent with the Group's long-term predictions, wind conditions over a limited period of time may substantially deviate from the long-term average due to natural wind fluctuations, causing significant short-term volatility in the performance of the Group's wind farms.

Should any of the above conditions substantially fluctuate or deviate from the Group's operational assumptions, the Group's energy generation could be negatively affected, which in turn could have a materially adverse effect on the Group's business, results of operations and financial position.

***The Group's business requires on-going maintenance, upgrading and replacement of components and/or elements of its infrastructure***

The Group owns and/or operates significant infrastructure, consisting of electricity and gas distribution networks and renewable energy generation and supply infrastructure and, consequently needs to maintain, upgrade and periodically replace certain components, facilities and elements of such infrastructure in order to be in a position to provide its services in a competitive and a cost-effective manner. In particular, some of the infrastructure operated by the Group in Moldova is aging, having been originally commissioned before the collapse of the Union of Soviet Socialist Republics, and could need material investments to adequately replace or maintain. Such upgrade and maintenance requires both management attention as well as periodic capital expenditures, which may exceed estimates or available capital.

Moreover, damages to parts of the Group's infrastructure either as a result of routine wear and tear or resulting from adverse weather events, natural or man-made acts or disasters, as well as a technological evolution may require the Group to repair or replace parts or all of its infrastructure to avoid interruptions in the supply of utilities or potential further damage to its network. If the Group is not able to make these repairs or replacements, or is only able to do so at unreasonable costs, the Group's operating and capital



expenses could increase significantly and, consequently, the Group's business, operating results, Financial positions and prospects may be materially adversely affected.

***The Group is required to outsource certain services essential to its operations to third-party service providers, and any default of such providers or the lack of competition in the market for such services may result in increased cost of operations for the Group.***

The Group relies on third-party service providers for services essential to its operations, in particular for its Romanian gas distribution business, where a recent government order required outsourcing of all construction works services for linking new customers to the Group's gas distribution network. The Group further relies on third parties for IT and software maintenance. While the Group has not in the past experienced any failure in performance by these third-party service providers that would have caused major disruption to the Group's operations, any such incidents in the future, particularly performance failures by the third-party contractors responsible for building connections to the gas distribution network, could result in a disruption of providing the Group's services, which could lead to a significant negative financial impact on the Group, as the Group derives a significant portion of its revenue from its distribution services. Other negative impacts on the Group could include unexpected costs for the Group or lower efficiency levels in, or damage to, the Group's assets.

In addition, in respect of CEZ Vanzare, the Group relies on third parties for access to CEZ Vanzare's SAP system for a transitory period. Although the Group believes it has secured such third party services for a reasonable period of time (until the SAP system is fully taken over by the Group), any incident during such period or refusal of the relevant third party to further extend access to the SAP system or the lack of implementation and integration by the Group of its own SAP system could result in a disruption of providing the Group's services, which could lead to a significant negative financial impact on the Group.

The Group is also dependent upon the services provided by Transelectrica, Moldelectrica (the sole operators of the electricity transmission grids in Romania and Moldova, respectively), Transgaz (the sole operator of the national natural gas transmission system in Romania) and OPCOM (which manages the trading system within the electricity wholesale market in Romania). A failure by any of them to provide the relevant services to the Group for any reason could expose the Group to operational and therefore financial risks.

Furthermore, the Group may need to pay a premium in certain markets that lack competition and may be exposed to increases in the underlying commodity prices. The Group might also be vulnerable to demands for increased service fees made by third-party suppliers as it might be difficult to identify alternative service providers for the essential services, and, if available at all, this might consume substantial resources and might cause interruption to the Group's operations.

Any failure in performance by, or increased costs in relation to, third-party service providers could have a material adverse effect on the Group's business, results of operations and financial position.

***Defects in gas or electricity infrastructure or operational incidents may lead to disruptions, decreased efficiency as well as accidents, spills, leaks and other contamination***

The facilities, equipment and infrastructure related to the gas and electricity distribution operations are subject to gradual deterioration over time and require regular inspection, maintenance, modernisation and redevelopment. While, in accordance with the Romanian and Moldovan ANRE regulations, the Group has the obligation to carry out periodic inspections of electricity network and gas pipeline integrity, there can be no assurance that these measures will prove sufficient and the condition of the Group's facilities, equipment and infrastructure may deteriorate. Such deterioration could, in turn, lead to service disruptions, lower operational efficiency, increased costs and increased rates of industrial accidents, spills, leaks and other contamination, which may trigger substantial financial, environmental and reputational damages and may have a material adverse effect on the Group's business, results of operations and financial position.

The company's operations may release negative environmental externalities such as air pollutants or hazardous substances with significant impacts on biodiversity and natural resources. Related incidents may trigger environmental fines, clean-up costs, civil or criminal lawsuits, community opposition and operational shutdowns.





***Senior management team and other personnel may be difficult to attract and retain***

The Group's ability to maintain its competitive position and implement its business strategy depends on the services of a relatively small number of senior managers. The Group's senior managers are heavily involved in the daily operations of the business and are, at the same time, required to make strategic decisions, ensure their implementation and manage and supervise the Group's development. The operational complexity of the Group's business, as well as the responsibilities of the Group's management have increased as a result of the continued growth and expansion of its business, placing significant strain on the relatively limited resources of the senior management. The Group will need to continue to improve its operational and financial systems and managerial controls and procedures to keep pace with the continued growth and expansion. The loss or departure of any member of the Group's senior management team could have a material adverse effect on the Group's business, prospects, financial position and results of operations and the Group may not be able to attract and retain individuals with the same or similar levels of experience or expertise.

The Group's success also depends on its ability to attract and retain qualified employees (in particular IT personnel experienced in the energy field) who may be difficult to identify and recruit. In addition, the Group needs to attract and retain less qualified employees in relation to whom the Group also faces significant competition from other economic sectors, which has created in the past, and can create in the future, additional cost with attracting and retaining such personnel. Failure to attract and retain appropriate personnel may have a material adverse effect on its business, financial position and results of operations.

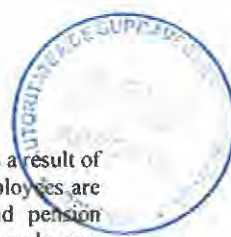
***The Group is exposed to risks from relying on information technology (IT) systems in its operations***

The efficiency of the Group's business depends to a significant degree on its IT systems as the Group increasingly relies on such systems to effectively manage operations. While a significant part of the Group's operations are still handled manually, the electricity and gas sectors are becoming increasingly digitalised, machine-controlled and reliant on online tools and IT infrastructure for measurements and meter readings, monitoring and regulatory reporting, or otherwise for general business administration. As a result, the Group's companies are increasingly exposed to risks of network disruptions or other IT failures, cybersecurity breaches or unauthorised or unintended publication of data due to causes such as cybercrime and IT systems' general defects, which can materially adversely affect the Group's operations and ability to generate revenue.

Unanticipated IT problems, system defects, malware, intended/unintended inadequate use of the Group's networks or other defects, as well as the failure to renew, the termination or cancellation of the agreements with the Group's key IT suppliers may be conducive to the inability to maintain and protect data (including those relating to the Group's customers) in accordance with applicable requirements and regulations and may impair the quality of the Group's services, compromise confidentiality of its data (including those relating to the Group's customers) or cause servicing cessation which may result in fines and other penalties. To the extent any malfunctions of the Group's IT systems compromise its ability to meet customer needs, this could lead to a loss of customers. Furthermore, the Group faces increased risks during infrastructure consolidation or IT system migration caused by, among others, integrating the IT systems of acquired business with the Group's own systems or migrating the Group's systems to newer technologies.

Information security risks have generally increased in recent years in part due to the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber-attacks. As cyber threats continue to evolve, the Group is expending additional resources to continue to enhance its information security measures and be able to investigate and remediate promptly any information security vulnerabilities. As the Group's assets are a critical part of the national infrastructure, they also may become the target of politically motivated actors, including by way of cyber-attacks which could disrupt the Group's IT infrastructure. While to date the Group has not suffered a material cybersecurity breach, a failure in or breach of the Group's information systems as a result of cyber-attacks or information security breaches could disrupt the Group's business, result in the disclosure or misuse of confidential or proprietary information, damage the Group's reputation, increase its costs or cause other losses. The materialisation of any of the foregoing failures could have a material adverse effect on the Group's business, financial position and results of operations.





***The Group may face increases in labour and employment costs***

The Group's labour and employment costs may rise in the future, or rise faster than expected, as a result of minimum wage increases (either in Romania or Moldova or in other countries where the employees are assigned), increased workforce activism, government decrees and changes in social and pension contribution rules meant to reduce government budget deficits or to increase welfare benefits to employees. The Group may not be able to offset increases in labour and employment costs through productivity gains or by passing those increases onto its customers through tariff increases. If labour and employment costs increase in the future, the Group's operating costs will increase, which could, if the Group cannot recover these costs from its clients through increased selling prices or offset them through productivity gains or other measures, have a material adverse effect on the Group's business, financial position and results of operations. See also: "**RISK FACTORS** - *The countries in which the Group operates are subject to greater risks than more developed markets with potential adverse effects from legal, economic, fiscal and political developments*".

***The Group's current insurance coverage may not be sufficient to cover all losses it may sustain.***

The scope of the Group's insurance coverage is tailored to the nature of the business and the value of its assets.

In Moldova, the Group holds property damage insurance for its renewable assets, including coverage for employee accident, third party liability insurance (including product liability, pollution liability, etc) and car insurance. The Group's distribution business in Moldova carries general third-party insurance in place, while the supply business insurance is limited to the corporate car fleet and employees accident insurance. Additionally, all assets that have been pledged to lenders (certain buildings, substations, equipment) are protected by property insurance.

In Romania, the Group has secured comprehensive insurance for its renewable assets, which includes both fully insured assets and business interruption insurance. At the same time, within Romania, the Group's property insurance is limited to the corporate car fleet and certain buildings and in relation to the non-renewable assets (e.g. the gas distribution grid) does not cover business interruption or the network. Such non-renewable assets are subject to damage or theft that is not properly covered by the existing insurance provisions. Therefore, in the event that its assets are damaged or stolen, the Group may incur substantial losses.

In the event that a significant event was to affect the Group and/or its assets (such as adverse weather events, natural or man-made acts or disasters or other interruptions), the Group could experience substantial property loss and significant business disruptions, for which it may not be compensated. Moreover, depending on the severity of the damage, the Group may not be able to rebuild or replace such damaged property or assets in a timely fashion or at all. In addition, some risks may not, in all circumstances be insurable or, in certain circumstances, the Group may choose not to obtain insurance to protect against specific risks due to the high premiums associated with such insurance or for other reasons. The payment of such uninsured liabilities would reduce the funds available to the Group. If the Group suffers a significant event or occurrence that is not fully insured, or if the insurer of such event is not solvent, it could be required to divert funds from capital investment or other uses towards covering its liability for such events. Any such loss or third-party claim for damages could have a material adverse effect on the Group's business, results of operations, financial position and prospects.

***Due to its critical importance to Moldova, the Group's electricity network faces a heightened risk of being targeted by malicious attacks compared to less significant networks***

The Group's Moldovan electricity network is an integral part of the national infrastructure and, as such, faces a heightened risk of being targeted by malicious attacks (mainly in part of the high voltage network) compared to less significant networks, being more likely to be seen as a high-value target for terrorism and cyber warfare. Such attacks could be physical, cyber, or a combination of both. Physical attacks could involve sabotage or destruction of facilities and transmission lines. Cyber attacks could take the form of hacking, introduction of malware, or other forms of interference with control systems. In order to mitigate these risks, the Group has implemented various measures and security plans for the most important high voltage stations and in the cybersecurity area (such as isolating SCADA).





The potential consequences of an attack on the Group's network include prolonged outages, safety incidents, and the compromise of sensitive data, which could cause significant financial losses, remediation costs and loss of customer trust.

### **Financing Risks**

*The Group's financing arrangements include standard encumbrances on some of its assets and the Group's ability to raise additional financing, including on the local and international capital markets, depends on general economic conditions and other relevant factors, including the Group's credit ratings*

The Group is at times required to seek external financing and may be required to access the capital markets for the capital required for its operations and investment projects. While the Group has historically been able to finance its investments partly through its own cash flows and partly through bank financings future investments may be significantly capital intensive or complex and may require resources in excess of own funds or local bank financing capacity.

In addition, the Group's financing agreements (including for the purpose of financing investments in distribution networks) include customary extensive pledge and mortgage provisions over the underlying networks (both as equipment and as real estate), as well as over receivables and funds on the bank accounts operated by the Group's subsidiaries and agreements allowing financing banks to directly debit certain of the Group's bank accounts. While the Group has not encountered any issues in servicing the outstanding debt, should the Group face issues in meeting the required periodic payments, the financing counterparties may be entitled to enforce, including by collecting, taking possession or liquidating the underlying pledged or mortgaged assets.

Further, some of the Group's financing agreements contain extensive restrictive covenants and undertakings, as is customary for such financings, that may limit the potential actions of the relevant entities within the Group, including requirements to adhere to specific financial covenants, restrictions on incurring additional financial indebtedness or on making investments and paying dividends where such actions could prejudice payment capacity or financial covenants, restrictions on changing members of executive bodies and changes to constitutive documents, restrictions on change of shareholding structure, negative pledge arrangements, restrictions on mergers and reorganisations of any kind, prohibitions to sell off material assets. Unless a consent or waiver is duly obtained from the relevant lender, any breach of such covenants could lead to the relevant Group entity being held in default, which could have a material adverse effect on the Group's business, financial position, prospects and results of operations. In addition, the Group's financings are generally secured against pools of assets, and in certain cases receivables in the gas business may have been pledged simultaneously in connection with multiple financings which may trigger a default under certain financings unless a waiver is obtained from the relevant lender(s). There is no assurance that the Group currently fully complies and will continue to comply with all such covenants and undertakings.

Certain lenders have also reserved rights and prerogatives to request early repayment (including, in certain circumstances, regardless of whether an event of default has occurred) and to request additional security. The Company has also committed to pledge in favour of a lender the shares it holds in Joseco Holdings Co. Limited and in Ligatne Limited following the Successful Closing of the Offering. Should such pledges be enforced, the Company may lose control over the relevant companies, including subsidiaries of Joseco Holdings Co. Limited and in Ligatne Limited; these include the entities through which the Group operates in Moldova, as well as the gas supply and distribution entities within the Group in Romania.

The Group's ability to raise additional financing or to start accessing capital markets may be adversely affected by negative trends in the general economic conditions in the global markets from which the Group intends to raise capital, and an increase in the interest rates and/or the volatility in the credit or capital markets may adversely impact the Group's access to debt or equity capital and consequently its ability to grow its business.

*The Group is exposed to short-term financing risks resulting from the time lag between energy pre-payment and storage obligations and the time when it is able to collect bills from final customers*

For its natural gas supply business, the Group is required to pre-purchase gas on the wholesale market and store gas during the summer months in order to supply it to consumers, with a two month delay between the gas purchase date and the date on which it collects bills from its customers. This raises short-term



financing risks, particularly in cases of market volatility, where the Group has to pre-fund gas purchases at increasing prices before it is able to recover these costs from final customers.

In addition, following the increase in electricity and gas prices in 2021 and 2022, the Romanian government re-introduced price caps for final customers up to 31 March 2025 and, as a result, suppliers cannot issue invoices that go above such price cap. While suppliers are to be reimbursed from the State budget for the differentials between the capped regulated price and the actual market price of electricity or gas invoiced to consumers within 30 working days after claiming these re-imbursements, in practice such reimbursement has taken of up to six months.

While in the past the Group was able to finance its operations from a combination of internally generated cash flows and external working capital facilities from banks, if the Group fails to manage gas or electricity pre-purchases at the correct volumes and prices or the Romanian State continues to delay the reimbursement of the price differentials, it might default on its requirement to supply gas or electricity to final customers and/or default on other payment obligations, materially adversely affecting the Group's business, results of operations, financial position and prospects.

***The Company's financial reporting and ability to pay dividends is exposed to conversion risks resulting from exchange rate fluctuations, which may impair financial reporting and ability to pay dividends as well as impact the return in the investment in the Shares***

The Group generates revenue from its operations in Romania and Moldova, in their respective local currencies (Romanian leu and Moldovan leu), but the Company's consolidated accounts are prepared in EUR. In addition, the Company intends to pay its dividends in EUR. As a result, the Group may face a conversion risk when preparing its consolidated group financial accounts arising from exchange rate fluctuations in the value of the Romanian Leu and Moldovan leu as against the EUR. Furthermore, for the Group's Moldovan distribution services, the return-on-investment calculations are to a small extent exposed to USD exchange rate fluctuations, as the Moldovan RAB assessments are USD denominated for historical reasons. As a result, exchange rate fluctuations between EUR and USD or Moldovan leu and USD may affect the Group's results from its Moldovan operations. The Group's inability to manage exchange rates fluctuations in any of the above currencies, may materially adversely impact the Group's annual reporting, financial position and results of operation as well as its ability to distribute dividends to prospective investors.

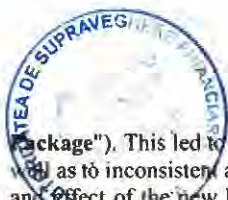
#### **Risks related to Legal Matters**

***Legal regimes in the Eastern Europe region differ from those in Western Europe and legal systems and legislation in the Eastern Europe region continue to develop***

The legal system of Romania has undergone dramatic changes in recent years as a result of EU membership and generally in alignment with countries with more developed legal jurisdictions. In many cases, the interpretation and procedural safeguards of the new legal and regulatory systems are still being developed, which may result in the promulgation of new laws, changes in existing laws, inconsistent application of existing laws and regulations and uncertainty as to the application and effect of new laws and regulations.

The legal system in Moldova has also undergone major changes in recent years due to several reasons, including internal reform processes aimed at replacing outdated laws (oftentimes based on their counterparts in force during the time when Moldova was a socialist republic as part of the Union of Soviet Socialist Republics) with equivalents that are designed for a market economy, due to ongoing implementation of EU regulations and directives into Moldovan law as part of Moldova's strive for EU integration, as well as in part due to the Association Agreement between the European Union and the European Atomic Energy Community and their Member States, on one part, and Moldova, on the other part, in full effect since July 2016. By way of example, the Moldovan Civil Code, which forms the basis of civil legislation in the country's legal framework, has been significantly restated in 2019 and the existing corpus of administrative law was replaced by a new Administrative Code. Legal reforms are also performed in the energy industry following the Decision of the Ministerial Council of the Energy Community dated 6 October 2011. Moldova committed to transpose into its national legislation the Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC; and Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 (the "Third Energy





Package"). This led to the promulgation of new laws transposing the directives of the European Union as well as to inconsistent application of the existent laws and regulations and uncertainty as to the application and effect of the new laws and regulations. These changes are extensive and rapid and lead to issues in interpretation and application, with Moldovan public authorities not having the required time and capacity to adequately adapt their processes. Similarly, frequent changes in law affect the way in which secondary legislation is applied and interpreted. It is not clear when the Moldovan legal system will become fully stable.

Generally, in civil law jurisdictions such as Romania and Moldova, judicial decisions have limited or no precedential effect and therefore courts may not be bound by earlier court decisions taken in the same or similar circumstances, which can result in inconsistent application of such countries' legislation to resolve the same or similar disputes. In addition, the Moldovan judiciary system is affected by political or other undue influence and Moldovan courts have limited experience in trying complex cases.

Additionally, in certain circumstances, it may not be possible to obtain the legal remedies provided for under relevant laws and regulations in a reasonably timely manner or at all. A lack of legal certainty or the inability to obtain effective legal remedies in a reasonably timely manner, as well as any of the above issues affecting the legal system of Romania or Moldova may have a material adverse effect on the Group's business, financial position, prospects and results of operations.

***The Group is subject to significant regulatory requirements and is required to maintain regulatory approvals, which may cause higher than anticipated compliance costs***

The Group is subject to various regulatory requirements governing the operation and maintenance of its gas and electricity distribution networks and the operation of its electricity and gas supply activity. Material licenses such as the gas and electricity supply licenses and the gas and electricity distribution licenses, and other permits held by the Group, including environmental and building permits regarding and required for the construction of new facilities, permits for the emission of pollutants into the atmosphere, fire safety permits, authorisations for the processing of hazardous waste, permits regarding safety of hazardous infrastructure, require periodic renewal or review and place an obligation on the Group to monitor the quality of the distribution and supply operations as well as the Group's overall activity. Due to inconsistent and discretionary operation of public authorities that issue licenses and permits, obtaining, renewing or prolonging such licenses or permits on time is not always possible despite duly made submissions. If the Group is unable to comply with, and/or renew, such licenses or permits, or if material changes to its licenses or permits are imposed that involve significant costs, the Group's business could be adversely affected.

Violations of laws and regulations applicable to the Group, including environmental specific requirements, or breaches of any conditions of the Group's licenses or permits or damage to the environment, may result in fines or legal proceedings (civil and/or criminal) being commenced against the Group or other sanctions being imposed to the Group (such as suspension and/or withdrawal of the relevant licenses), as well as the suspension of the operations of any of the Group's facilities and the enforced cessation of unlawful activities/demolition of unauthorised constructions. Despite best efforts, the Group is not always in compliance with regulatory obligations. By way of example, certain subsidiaries of the Group in Moldova that process personal data of customers are only now in the process of implementing a documented procedure in order to be in compliance with the obligation to conduct a data protection impact assessment, as required by Moldovan personal data protection laws, or the newly incorporated subsidiary of the Group in Moldova has not yet in place the required data protection documentation. Similarly, due to there usually being a delay between expiry of any given permit and its reissuance or prolongation, not all of the permits required by the Group are valid at all times.

The Group might have in the past, or may in the future breach applicable legal requirements imposed by relevant authorities; moreover, the Group sometimes disagrees with the manner in which various legal provisions are interpreted or applied by regulators. Additionally, different regulators may interpret applicable legal provisions in different manners, leading to regional variations and inconsistencies. The Group may, from time to time, challenge various regulatory decisions in the course of its business, which may affect its relations with regulators. In addition, competent authorities have the right to, and frequently do, conduct periodic inspections of the operations of the Group throughout the year. Any such future inspections may result in the conclusion that laws, decrees or regulations have not been complied with and the Group companies may be unable to refute any such conclusions or remedy the alleged violations.





The Group's costs for complying with current and future regulatory requirements including any stricter regulation on climate change mitigation and adaptation, and any loss of its material operating licenses or permits could have a material adverse effect on its business, results of operations, financial position and prospects.

***Agreements with public authorities may be subject to investigations***

Agreements concluded by private entities, such as the Group with public authorities (e.g., concession agreements) and authorisations, permits or licenses issued by the latter are attentively scrutinised by regulatory and controlling authorities and are often analysed by mass media. In particular, as part of its distribution services, the Group enters into concession agreements and has entered into a joint-venture agreement with public authorities.

In Romania, part of such concession and the joint-venture agreement have been awarded on the basis of legislative provisions which, in case of concession agreements, did not clearly indicate which authority had the capacity to conclude such concession agreements (i.e., national authority or local authority) and, in case of joint-venture agreements, whether they must be awarded following auction procedures. Although subsequent changes to the legal framework provide that, currently, the local authorities have the capacity of contracting authorities in case of concession agreements for natural gas distribution, whereas joint-venture agreements have been assimilated to concession agreements from the perspective of the rights granted to the Group under the Energy Law, these remain subject to a risk of nullity. More specifically, if a concession agreement or a joint venture agreement (that may be requalified as a concession agreement) are challenged in court, they may be invalidated, if not backed by a public tender. Moreover, it is unclear when and under which procedures were the plots of land subject to the joint venture agreement transferred from the public property into private ownership of the relevant communes. This may also be grounds for potential challenges of the joint venture agreement. Even if, in accordance with the general principles of law enforcement, subsequent legislation amendments cannot cover the ground of nullity of an agreement, such risks are mitigated by the fact that, in practice, a potential claimant may no longer justify an interest to challenge their validity. However, such mitigation does not entirely exclude the risk of nullity, as some claimants may still be seen as justifying an interest for challenging the concession agreements / joint venture. In addition, certain concession agreements have been transferred by way of novation, in the context of subsequent legal unbundling obligations, but in the absence of an express legal provision allowing such transfer and in the absence of auction procedures, such transfers may be challenged as well. However, while a direct claim against the novation agreements (and, similarly, against the validity of joint venture agreement and concession agreements) or against the local council decisions approving them may be seen as time-barred, as the legal term for such challenge has already passed (certain courts may still held such claims as not time-barred), these may still be challenged by way of indirect claim. We note also that several concession agreements were inherited by the Group as a result of several merger (absorption) processes. While such transfers were not challenged at the time and the legal term for such challenges has passed, the agreements were not updated by way of formal addendums (so that the absorbed entity is still indicated as concession holder) which may trigger difficulties in their practical implementation.

Furthermore, any disagreements in the performance of the obligations undertaken under the concession agreements with the Romanian authorities and any detrimental actions that Romanian or Moldovan authorities may take could affect the smooth performance of the respective distribution services, lead to penalties or the loss of such concession agreements (and related permits/authorisations). Such events could have a material adverse effect on the Group's reputation, business, financial position and results of operations, and on the trading price of the Shares.

***The Group's business is dependent on maintaining its rights of way***

In order to deploy electricity and gas distribution infrastructure, the Group must occasionally use land and premises owned by third parties. While access to public land and premises is generally granted through the concession agreements and/or on the basis of so-called wayleaves granted by law or under agreements entered into by the Group companies for such purposes, such land and premises may not be always accessible, and already granted rights might be revoked, lapse or otherwise not allow the deployment of infrastructure. Failure to renew, termination or cancellation of the agreements concluded for such rights of way may result delays, additional costs or even to loss of business if there is no adequate alternative. In addition, the Group may be liable for any damage produced to any neighbouring plot during the development or maintenance of the distribution activity. Any such situation may materially adversely affect the Group's business, operating results, financial position, prospects or future operations.





***The Group may be subject to further competition related investigations and complaints***

The Group was in the past, and it may also be further, subject to complaints concerning alleged anti-competitive conduct on the markets in which it operates in relation to the restriction of competition and limitation of the customer's right to choose. The energy sector, amongst other industries, is under constant scrutiny by the Romanian Competition Council, the Moldovan Competition Council and by the European Commission. Whether in the context of sector inquiries, antitrust investigations or in relation to requests for information, competition authorities may, from time to time, have different interpretations of the behaviour in the relevant markets or of the clauses in the agreements that are entered into and construe them as potentially non-compliant with applicable competition legislation.

In 2017 the Romanian Competition Council initiated ex officio an investigation for an alleged abuse of dominant position during 2009-2015 of Gaz Sud (one of the companies that was absorbed by Premier Energy S.R.L.) on the relevant market of the services of technical approval of the projects/designs, the handover and putting into function of the natural gas installations of the users, through an alleged direct imposition of unfair tariffs to the users that connected to the natural gas supply network in the cities and geographical areas where Gaz Sud had distribution license. The investigation was finalised through a settlement procedure and Premier Energy S.R.L. (as legal successor of Gaz Sud) was sanctioned with a fine of 1.3075% of the relevant turnover (approximately €1.33 million).

Similarly, in March 2020, the Moldovan Competition Council initiated an investigation against Premier Energy Distribution S.A., at the complaint of Furnizare Energie S.R.L., in connection with an alleged abuse of dominant position by way of applying unequal conditions to electricity suppliers when providing services of distribution of electricity. In January 2022, the Moldovan Competition Council issued a decision pursuant to which the authority ended the investigation due to lack of reasonable grounds to suspect an abuse of dominant position and no sanctions or other measures were applied.

Furthermore, the Group was created following a number of acquisitions and mergers and, in certain circumstances, such acquisitions and mergers are subject to merger control requirements and compliance with competition rules. Moreover, certain agreements were inherited by the Group as a result of such acquisitions. The competition related implications of these operations and agreements may not have been fully considered by the relevant party at all times and, as a result, there is a residual risk that such operations had not been fully compliant with the merger control rules and various agreements concluded before the relevant companies were integrated in the Group may not have been entered into at arm's length. If found to be in breach, the relevant Romanian or Moldovan company may be subject to fines up to maximum 10% of its turnover and third parties which might have been affected may also claim damages in court. Such sanctions and claims may have a material adverse effect on the Group's business, reputation, results of operations and financial position.

***The Group is subject to various litigation proceedings and unfavourable court decisions may result in fines, indemnification obligations or other penalties and the Group may face negative publicity as a result of certain legal proceedings and contractual or non-contractual claims and disputes, which could have a material adverse effect on the Group's financial position***

Certain Group companies are engaged in court proceedings in connection with, *inter alia*, claims for damages, claims for damages representing excess capacities, reimbursement of certain amounts, annulment of certain Romanian ANRE and Moldovan ANRE decisions. See also "Business – Legal proceedings" Section. Additionally, the Group could be involved in disputes in the normal course of business, which may lead to claims for damages, fines or other penalties upon it. The Group may be severely affected by other contractual or non-contractual (including administrative and other public law) claims, complaints and disputes, including from contractual partners, clients, competitors or regulators as well as by other negative publicity they may attract.

The results of legal, administrative and regulatory proceedings cannot be predicted with certainty. Even if such proceedings are ultimately resolved in the Group's favour, they may divert a significant amount of the Group's resources and employees' time or result in negative publicity, to the detriment of the Group's business and reputation. In addition to the potential financial exposure that the Group may face in relation to such proceedings, any litigation, whether or not successful, could materially affect the Group's reputation in the market or relationships with its customers or suppliers, and the proceedings or settlements in relation to litigation may involve internal and external costs, which may, even in the case of the successful completion of a relevant proceeding, not be fully reimbursable, divert senior management's time or use



other resources which would otherwise be utilised elsewhere in the Group's business. Each of these additional consequences of litigation could have a material adverse effect on the Group's business, financial condition, results of operations, cash flows and prospects.



***Failure to comply with health and safety legislation could adversely affect the Group***

The Group, and in particular its large workforce, undertakes activities which are subject to complex and detailed health and safety regulation and enforcement by national authorities. Nonetheless, the nature of business that the Group operates in involves a high degree of potential operational risks, including electrocutions, fires, explosions, mechanical failures, fall from heights, weather-related incidents, transportation or logistical incidents and damage to equipment. There were several work-related accidents for the Group in the last three years. For example, the Group recorded an incident in 2022 resulting in the death of an employee of the Group in Moldova. The findings of the prosecutor confirmed that the Group did not violate the rules on labour protection and that the accident was due to the non-observance by the injured person of the elementary rules of labour protection. I.C.S. Premier Energy Distribution S.A. also recorded an incident in 2023 involving a third-party contractor working for the Group, which resulted in a fatal accident due to the contractor's non-compliance with the safety requirements. No wrongdoing on the part of the Group was identified. In addition, Premier Energy S.R.L. recorded an accident resulting in the death of an employee of one of the Group's clients in 2017, for which Premier Energy S.R.L. is currently tried by the first instance court in Romania.

The failure to maintain and implement effective health and safety management and governance could generate significant costs as a result of injury to people, work related sickness and health issues and potential disruption of service to the Group's customers. It can also lead to claims for employee and third-party compensation and fines or other sanctions for breaches of statutory requirements. Criminal sanctions could be initiated against the Group, its directors and employees, all of which could cause the Group reputational damage. At the same time, poor wellbeing amongst the Group's workforce caused by improper health and safety management could lead to increased absence and reduced performance levels, which, in turn, could affect the Group's results of operations.

***The Group may incur personal data leakages and breaches***

The Group collects, stores and uses commercial or personal data related to customers or employees which might be under contractual or legal protection in different jurisdictions. While the Group seeks to apply cautionary measures with the view to protecting customers' and employees' data in line with the legal requirements on the respect of private life, potential information leakages, breaches or other infringements of the personal data protection legislation may occur in the future or may have already occurred. The Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR") does not specifically state which technical and organisational measures should be put in place by a controller, but it sets a relatively high standard for security measures, which should be designed and implemented in order to avoid personal data breaches. The GDPR states that a controller can be subject to a fine not only for the existence of a data breach, but also for breaching its obligation to implement appropriate measures in relation to handling the privacy and security risks.

The Group has implemented a series of steps for becoming compliant with the GDPR and the Moldovan new data protection rules related to data protection impact assessment; however the Group also works with service providers and certain software companies that may also constitute a risk for the Group in what concerns their observance of the relevant legislation and obligations concerning data protection imposed thereon or assumed thereby under the relevant contracts with the Group.

If any breaches of data protection legislation occur, they may trigger fines upon the Group (which may be even equal to the higher between 4% of the annual worldwide turnover and €20 million), indemnification claims, prosecution of employees and managers, damages to reputation and customer churn, with a potential material adverse effect on the business, prospects, results of operations and the financial position of the Group.





***The Group may be affected by adverse changes in the tax systems or adverse decisions by tax authorities or changes to treaties, laws or tax interpretations in the countries where the Group operates***

Tax laws and regulations in the countries where the Group operates may be subject to changes and the interpretation and enforcement of the tax law may be also modified. There have been significant changes to the taxation systems across the European countries where the Group provides services, including Romania and Moldova. See also: "*RISK FACTORS - The countries in which the Group operates are subject to greater risks than more developed markets with potential adverse effects from legal, economic, fiscal and political developments*".

Frequent changes in the tax law and contradictory or ambiguous and frequently changing interpretations by tax authorities are difficult for the Group to predict, and the Group may therefore be unprepared for these changes.

Tax declarations/returns, together with other legal compliance areas (e.g., transfer pricing), are subject to review, investigation and frequent inspections by a number of authorities, which are authorised by law to impose substantial fines, penalties and interest charges and are further authorised to do so within long review periods (four (4) years for Moldova or five (5) years for Romania). The Group could be subject to such review, investigation or inspection since the Group's Romanian subsidiaries have not undergone any tax inspection in the past five (5) years and the Group's Moldovan subsidiaries have not undergone any tax inspection in the past three (3) years (except at the request of Navitas Energy S.R.L. for the purpose of VAT returns). Technical violations of contradictory laws and regulations, many of which are relatively new and have not been subject to extensive application or interpretation, can lead to penalties. As a result, the Group may face increases in taxes payable if tax rates increase, or if tax laws or regulations are modified by the competent authorities in an adverse manner. In addition, certain practices of the Group (for example the deductibility of certain loan interest) could be interpreted differently by the tax authorities and this could lead to an increase in the tax related liability of the Group and, as a result, the Group's tax liability may become greater than the estimated amount that the Group has expensed to date and paid or accrued on the Group's balance sheets.

Such changes in the taxes or imposition of penalties could have a material adverse effect on the Group's cash flows, business, prospects, results of operation and financial position for any affected reporting period.

***The Group may be unable to detect or prevent ethical misconduct or breaches of applicable anticorruption and sanctions law committed by its employees, counterparties or other third parties***

The Group has implemented compliance policies and procedures and related learning tools or tests with respect to applicable anti-corruption, anti-money laundering and sanctions laws based on legislations applicable in Romania (excluding other jurisdictions, such as United States) in line with ISO 37001 Anti-bribery Management Systems and to OECD Good Practice Guidance on Internal Controls Ethics and Compliance. Internal controls implemented in order to prevent and identify violations of these policies and procedures may be circumvented by persons in the position to execute assigned internal controls. There can be no assurance that the Group's employees, counterparties or other third parties involved in the Group's activities will not violate its compliance policies and procedures or any other applicable laws in the future which may involve the Group, and the Group may not always be able to detect or prevent any such misconduct or breach of laws, including anticorruption laws.

Any such incidents of ethical misconduct or non-compliance with applicable laws may lead to material losses suffered by the Group, may subject the Group to significant fines, may prevent the Group from participating in certain projects or activities, may result in loss of trust in the Group by the general public and/or contractual counterparties or may lead to other consequences, including, but not limited to, the termination of certain business functions or existing contracts, which may in turn lead to a material adverse effect on the Group's business, results of operations and financial condition.

#### **Risks relating to the Offer Shares**

***There is currently no trading market for the Shares and an active trading market for the Shares may not develop or may not be sustainable***

Prior to the Offering, there has been no trading market for the Shares. There is no assurance that an active trading market for the Offer Shares will develop or be sustained after the Offering, or that the price at which



the Offer Shares will trade in the public markets subsequent to the Offering will not be lower than the Final Offer Price. The Managers are not obliged to make a market in the Shares, and to the extent they do undertake any market-making activity, these activities may be terminated at any time without notice. If no active trading market develops for the Shares, investors may experience difficulty in selling the Offer Shares.



***Price volatility of the Shares and liquidity may affect the performance of investments in the Group***

The share price of listed companies can be highly volatile and their shares may have limited liquidity. An active trading market for the Shares may not develop and the trading price for the Shares may fluctuate significantly. Investors may be unable to recover their original investment.

The market price of the Shares may, in addition to being affected by the Group's actual or forecast operating results, fluctuate significantly as a result of factors beyond the Group's control, including, among others: (i) the results of its operations and its financial results or those of other companies in the industries in which it operates; (ii) changes in securities analysts' recommendations or estimates of earnings or financial performance of the Group or the industry, or the failure to meet expectations of securities analysts; (iii) fluctuations in market prices and volumes, and general market volatility; (iv) announcements by the Group, or its customers, suppliers or competitors; (v) changes in laws, rules and regulations applicable to the Group, its operations and the operations in which the Group has interests, and involvement in litigation; and (vi) general economic and political conditions, including in Romania, Moldova and globally.

Equity market conditions are also affected by many factors, such as the general economic, political or regulatory outlook, movements in or the outlook for interest rates and inflation rates, exchange rate fluctuations, commodity prices, changes in investor sentiment towards particular market sectors and the demand for and supply of capital. Trading in the Shares by other investors, such as large purchases or sales of Shares, may also affect the price of the Shares. Accordingly, the market price of the Shares may not reflect the underlying value of the Group's investments and the price at which investors may dispose of their Shares at any point in time may be influenced by a number of factors, only some of which may pertain to the Group while others may be outside the Group's control. Investors should not expect that they will necessarily be able to realise, within a period that they would regard as reasonable, their investment in the Shares. The Group's results and prospects from time to time may be below the expectations of market analysts and investors which would likely adversely affect the trading price of the Shares.

***The interests of the Issuer's significant shareholders may conflict with the interests of other shareholders.***

As a result of its ownership of Shares and its representation in the Board of Directors of the Issuer, the Selling Shareholder, has, and will continue to have, directly or indirectly, the ability to influence the Issuer's legal and capital structure, the outcome of matters requiring action by shareholders, and other major decisions regarding the Group's operations. After the Offering, the Selling Shareholder together with other entities and affiliates of the EMMA Capital group ("EMMA Capital") is expected to retain approximately 70% interest in the Company, assuming that all Base Shares are sold and no exercise of the Over-Allotment Option.

Any conflicts between senior management and the Group's Selling Shareholder, could adversely affect the Group and its operations. Further, the Selling Shareholder, may have other business interests and portfolio companies that may conflict with investors' interests as shareholders (or compete with the Group) and may conflict with potential transactions the Group may wish to undertake. There can be no assurances that the interests of the Group's Selling Shareholder, will be consistent with the interests of the other shareholders or the Group, or that the Selling Shareholder, will exercise their rights for the benefit of all shareholders.

***Future sales, or the real or perceived possibility of sales, of a significant number of Shares in the public market could adversely affect the prevailing trading price of the Shares***

Following the expiry of the applicable lock-up period, or earlier in the event of a waiver of the provisions of the lock-up or with respect to Emma Holding, an enforcement of a margin loan permitted under the terms of the lock-up, the Company's shareholders who are otherwise subject to lock-up, may sell Shares in the public or private market, and the Company may undertake a public or private offering of Shares. The Company cannot predict the effect, if any, that future sales of Shares, or the availability of Shares for future





sale, will have on the market price of the Shares, but the availability of Shares that are eligible for public sale could adversely affect the trading price of the Shares.

If the Company's shareholders were to sell, or the Company were to issue and sell, a substantial number of Shares in the public market, the market price of the Shares could be adversely affected. Sales by the Company's shareholders could also make it more difficult for the Company to sell Shares in the future at a time and price that it deems appropriate. There can be no assurance that such parties will not affect transactions upon the expiry of the applicable lock-up period or any earlier waiver of the provisions of the lock-up, or with respect to Emma Holding, a margin loan may be enforced against it resulting in free transferability of such Shares. The sale of a significant number of Shares in the public market, or the perception that such sales may occur, could materially affect the market price of the Shares.

*The Company may face difficulties in complying with ongoing disclosure requirements of a listed company or may incur additional costs in doing so*

Following the admission of the Shares to trading on the Bucharest Stock Exchange S.A. (the "**Bucharest Stock Exchange**" or "**BSE**"), the Company is required to maintain effective internal controls and to comply with additional financial and other reporting obligations, such as preparing financial statements and other reports under the continuing obligations rules of the Bucharest Stock Exchange and the FSA, respectively. The Company's ability to report in a timely manner requires it to have in place effective internal reporting controls and procedures. The Company's management has no experience in managing and operating a listed company which must comply with continuing reporting and disclosure obligations. Any failure to comply or adequately comply with the continuing reporting and disclosure obligations could subject the Company to fines or other regulatory sanctions, which may materially adversely affect the business, results of operations and financial position of the Group.

The Company may also incur significant costs to ensure compliance with Romanian corporate governance, transparency obligations and accounting requirements. Moreover, the Company may not be able to meet entirely or in a timely manner the filing and reporting requirements imposed by the FSA and the Bucharest Stock Exchange, which might trigger a decline in the trading price of the Shares.

*The Shares may not be admitted to trading or may be suspended or excluded from trading on the Bucharest Stock Exchange*

Bucharest Stock Exchange approves the admission of the Shares to trading on the Regulated Market operated by the Bucharest Stock Exchange after checking the compliance with the admission requirements. There is no guarantee that the Shares will be admitted to trading on the Regulated Market operated by Bucharest Stock Exchange or that the admission to trading will take place on the estimated date. In particular, the registration of the New Shares with the Registrar of Companies in Cyprus may take up to 30 days; while New Shares are validly issued even in the absence of such registration, the absence of such registration may lead to delays in the registration of the Shares with the investors' securities accounts. If the Shares are not admitted to trading on the Regulated Market operated by Bucharest Stock Exchange, the price of the Shares and the capacity to transfer the same may be materially impacted.

The FSA is authorised to suspend from trading or, where the Shares are intended to be traded, to request the regulated market to suspend these from trading if the situation of the relevant issuer is such that the continuation of trading would affect investors' interests. The FSA is authorised to request the Bucharest Stock Exchange to suspend the trading of securities of an issuer, based on the measures taken against market manipulation and transactions carried out based on inside information. The Bucharest Stock Exchange must suspend trading in securities that do not meet the requirements of the regulated market, unless such action could materially adversely affect investors' interests or the proper functioning of the market. The operator of a regulated market is also entitled to suspend from trading shares in other circumstances, in accordance with its regulations. Any suspension could affect the trading terms of the Shares.

Further, if the Company fails to fulfil certain requirements or obligations under the laws and regulations applicable to companies the shares of which are listed on the Bucharest Stock Exchange, or if the orderly stock exchange trading, the safety of trading thereon or investors' interests are endangered, the Shares can, subject to certain conditions being fulfilled, be excluded from trading on the Bucharest Stock Exchange. There can be no assurance that such event will not occur in relation to the Shares. All these risks would, if they materialise, have a material adverse effect on the price of the Shares and on the ability of the investors to sell their Shares on the Bucharest Stock Exchange.





***Risks related the Company's ability to pay dividends and to currency effects***

The distribution of dividends, if any, by the Company to its shareholders will depend on (in addition to applicable regulatory requirements), among other things, the Company's future profits, financial position and capital requirements, the sufficiency of the Company's distributable reserves, other legal and contractual restrictions, credit terms, general economic conditions and other factors that the directors and/or shareholders deem to be important from time to time. The Company's shareholders may decide not to distribute dividends in the future and foreign shareholders may be subject to limitations or delays in repatriating their earnings from distributions made on the Shares.

In addition, given that the Company's principal assets are the equity interests in the operating companies which own the Group's operating assets, the Company will be dependent on, among other things, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations and to pay dividends on the Offer Shares.

In addition, the Offer Shares will be traded on the Bucharest Stock Exchange in RON, whereas the Company intends to pay its dividends in RON and prepares its financial reports in EUR. The Company's dividends will be paid in RON. Consequently, the Company's shareholders may be required to arrange their own foreign currency exchange, either through a brokerage house or otherwise, which could lead to additional commissions and expenses being incurred by such shareholders. Furthermore, the National Bank of Romania could also impose certain restrictions and requirements with respect to foreign currency operations carried out in Romania. See also: "*RISK FACTORS - The Company's financial reporting and ability to pay dividends is exposed to conversion risks resulting from exchange rate fluctuations, which may impair financial reporting and ability to pay dividends as well as impact the return in the investment in the Shares*".

***The rights of shareholders of Cypriot companies may differ from the rights of the shareholders of companies organised in other jurisdictions***

The Company's corporate governance and the rights, obligations and liability of its shareholders are governed by the laws of Cyprus and by the Articles of Association and may be different from the rights and obligations of the shareholders of companies organised in other jurisdictions. Certain rights and privileges that shareholders may benefit from in another jurisdiction may not be available in Cyprus. The exercise of some of the shareholders' rights in the Company could be more complicated or expensive for investors from other countries than the exercise of similar rights in their country of residence.

***Holders of the Shares in certain jurisdictions (including the United States) may not be able to exercise their pre-emptive rights and their ownership interests may therefore be diluted***

Cypriot Companies Law provides for pre-emptive rights to be granted to existing shareholders of the Company in case of increase of the share capital by considerations in cash, which may and as a matter of practice are regularly disappplied, within the parameters of a procedure laid out in the Cypriot Companies Law, which requires a decision of the Company's general meeting to that effect, approved by a majority of at least 50% plus one of the votes represented at the general meeting, with a presence quorum of at least 50% of the total share capital, or alternatively approved by decision supported by a majority of two thirds of the votes present and voting at such general meeting. Despite the rights attributed to shareholders under Cypriot Companies Law and the Company's Articles of Association, holders of the Shares in certain jurisdictions (including the United States) may not be able to exercise pre-emptive rights with respect to any new equity issuances by the Company unless the applicable securities law requirements in such jurisdiction (including, in the United States, in some circumstances the filing of a registration statement under the Securities Act) are adhered to or an exemption from such requirements is available. The Company is unlikely to adhere to such requirements and an exemption may not be available. Accordingly, such holders may not be able to exercise their pre-emptive rights on future issuances of the Shares, and, as a result, their percentage ownership interests in the Company would be reduced.

***The Company may be a PFIC, which could result in materially adverse U.S. federal income tax consequences to U.S. investors in the Offer Shares***

Based on the nature of the Company's business, the composition of the Company's gross income and assets, and projections as to the value of the Company's equity, the Company does not expect to be a passive foreign investment company for U.S. federal income tax purposes (a "PFIC") for the current taxable year





or in the foreseeable future. However, the Company's PFIC status depends on facts that generally are not determinable until after the close of the taxable year. In addition, the current expectation that the Company is not a PFIC is based in part upon the expected market value for the Offer Shares. Accordingly, the Company could be a PFIC notwithstanding this expectation, particularly if there is a substantial decline in the value of the Offer Shares. If the Company is a PFIC for any taxable year during which a U.S. Holder (as defined in "Certain U.S. Federal Income Tax Consequences") holds the Offer Shares, materially adverse U.S. federal income tax consequences could apply to such U.S. Holder. See "Taxation — Certain U.S. Federal Income Tax Consequences — Passive Foreign Investment Company Rules."

***FATCA withholding may affect payments on the Offer Shares***

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, as amended (the "Code"), commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthrough payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Romania) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Offer Shares, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Offer Shares, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Offer Shares, such withholding would not apply prior to the date that is two years after the date on which final regulations defining "foreign passthru payments" are published in the U.S. Federal Register. Prospective investors should consult their own tax advisors regarding how these rules may apply to their investment in the Offer Shares.



## 2. IMPORTANT INFORMATION ABOUT THIS PROSPECTUS

This document comprises a prospectus relating to the Company, the Selling Shareholder and the Offer Shares for the purposes of the Prospectus Regulation.



The Offering does not constitute an offer to sell, or solicitation of an offer to buy, securities in any jurisdiction in which such offer or solicitation would be unlawful. The Offer Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except to persons reasonably believed to be QIBs as defined in Rule 144A under the Securities Act or outside the United States, except in offshore transactions in reliance on Regulation S under the Securities Act ("Regulation S"). Prospective purchasers are hereby notified that sellers of the Offer Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

The Company and, as applicable, each of the Selling Shareholder (exclusively for the information about itself) accept responsibility for the information contained in this Prospectus. To the best of the Company's and the Selling Shareholder's (exclusively for the information about itself) knowledge (having taken all reasonable care to ensure that such is the case), this Prospectus contains all of the information with respect to the Company and the Offer Shares that is material in the context of the Offering, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Company are honestly held by the Company, have been reached after considering all relevant circumstances and are based on reasonable assumptions. Certain information in this Prospectus has been extracted from public sources including independent industry publications, research and internal estimates, as well as other public information. The Group has not independently verified the accuracy of such information and data and accept no responsibility in respect thereof.

The Managers do not accept any responsibility whatsoever for the contents of this Prospectus, including its accuracy, completeness and verification, or for any other statement made or purported to be made by them or on their behalf in connection with the Company, the Selling Shareholder, the Offer Shares or the Offering. The Managers accordingly disclaim, to the fullest extent permitted by applicable law, all and any liability whether arising in tort or contract or which it might otherwise have in respect of this Prospectus or any such statement.

No person is authorised to give any information or to make any representation in connection with the Group, the Offering or sale of the Offer Shares other than as contained in this Prospectus, and, if given or made, such information or representation must not be relied upon as having been authorised by the Company, the Selling Shareholder or the Managers or the affiliates of the Managers. If anyone provides any investor with different or inconsistent information, such investor should not rely on it.

This Prospectus is being provided by the Company and the Selling Shareholder for the purpose of enabling a prospective investor to consider subscribing for and purchasing the Offer Shares. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Company, the Selling Shareholder, or the Managers that any recipient of this Prospectus should subscribe for or purchase the Offer Shares. No representation or warranty, express or implied, is made by the Managers or the affiliates of the Managers' or advisors as to the accuracy or completeness of any information contained in this Prospectus or the corporate, financial or commercial standing of the Company, and nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers as to the past or the future. Any reproduction or distribution of this Prospectus, in whole or in part, any disclosure of its contents, except to the extent that such contents are otherwise publicly available, and any use of any information herein for any purpose other than considering an investment in the Offer Shares, is prohibited. Each prospective investor, by accepting delivery of this Prospectus, agrees to the foregoing.

Each potential subscriber for or purchaser of the Offer Shares should determine for itself the relevance of the information contained in this Prospectus, and its subscription for or purchase of the Offer Shares should be based upon such investigation, as it deems necessary, including the legal basis and consequences of the Offering and possible tax consequences that may apply, as well as the assessment of risks involved and its own determination of the suitability of any such investment, with particular reference to its own investment





objectives and Experience and any other factors that may be relevant to such investor in connection with the subscription for or purchase of the Offer Shares.

Without prejudice to any obligation of the Company (in relation to which the Managers undertake no responsibility whatsoever) to publish a supplementary prospectus pursuant to the Issuers and Markets Operations Law, Regulation no. 5/2018 and Prospectus Regulation, neither the delivery of this Prospectus nor any purchase made in connection therewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Company or the Group taken as a whole since, or that information contained herein is correct as at any time subsequent to, the date of this Prospectus.

Prospective investors should not consider any information in this Prospectus to be investment, legal or tax advice. Each prospective investor should consult its own legal counsel, financial adviser, accountant and other advisors for legal, tax, business, financial and related advice regarding subscribing for or purchasing the Offer Shares. None of the Company, the Selling Shareholder or the Managers makes any representation to any offeree or purchaser of or subscriber for the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree or purchaser or subscriber under appropriate investment or similar laws. Any person who decides to subscribe for or purchase the Offer Shares is required to know and comply with the restrictions and limitations of the Offering herein. By subscribing for or purchasing the Offer Shares, investors assume any liability arising in the event that such subscription or purchase is deemed unlawful under their country of residence.

The Company did not and does not consent to the use of the Prospectus for subsequent resale or final placement of the Shares by financial intermediaries or by any other third party.

The Managers are acting exclusively for the Company and the Selling Shareholder and no one else in connection with the Offering, and will not be responsible to any other person (whether or not a recipient of this document) to provide the protection afforded to their clients or advice in relation to the Offering.

In connection with the Offering, the Managers and any of their affiliates acting as investors for their own account may subscribe for or purchase the Offer Shares and, in that capacity, may retain, subscribe for, purchase, sell, offer to sell or otherwise deal for its own account in such securities, any other securities of the Company or other related investments in connection with the Offering or otherwise. Accordingly, references in this Prospectus to the Offer Shares being issued, offered, subscribed or otherwise dealt with should be read as including any issue or offer to, or subscription or dealing by, the Managers or the affiliates of the Managers' acting as investors for their own account. The Managers do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company, the Selling Shareholder and the Managers shall have no liability for the non-execution of subscriptions or sales of the Shares in accordance with this Prospectus in case of force majeure (including, without limitation, natural disasters, wars, riots, fires, strikes or other events that may limit the functioning of capital market institutions).

Information on the Group's websites, any website mentioned in this Prospectus or any website directly or indirectly linked to the Group's websites is not incorporated by reference into this Prospectus and any decision to subscribe for or purchase the Shares should not be made in reliance on such information. The information on such websites has not been scrutinised or approved by the Company, the Selling Shareholder or the FSA.

This Prospectus and its posting on the internet does not constitute an offer to sell, or a solicitation by or on behalf of the Company, the Selling Shareholder or the Managers to any person to subscribe for or purchase any of the Shares in any jurisdiction where it is unlawful for such person to make such an offer or solicitation. The distribution of this Prospectus and the Offering may be restricted by law (including by way of required or necessary authorisation, approval or notification) in certain jurisdictions. You must inform yourself about, and observe any such restrictions. No action has been taken by the Company, the Selling Shareholder or the Managers that would permit, otherwise than in Romania under the Offering, an offer of the Offer Shares, or possession or distribution of this Prospectus or any other offering material or application form relating to the Shares in any jurisdiction where action for that purpose is required. This Prospectus may not be used for, or in connection with, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstances in which such offer or solicitation is not authorised or is unlawful. Further information with regard to restrictions on offers and sales of the Offer Shares is set forth below and



under "Subscription And Sale". None of the Company, the Selling Shareholder or the Managers is making an offer to sell the Offer Shares or a solicitation of an offer to buy any of the Offer Shares to any person in any jurisdiction except where such an offer or solicitation is permitted.



In connection with the placement of the Shares in the Offering, the Stabilisation Agent on behalf of the Stabilisation Manager may (but will be under no obligation to), to the extent permitted by applicable law, effect stabilising transactions with a view to supporting the market price of the Offer Shares at a higher level than that which might otherwise prevail in the open market. The Stabilisation Agent is not required to enter into such transactions and such transactions may be effected on the BSE and may be undertaken at any time during the period commencing on the date of the commencement of trading of the Offer Shares on the Regulated Spot Market of the BSE and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilisation Manager or any of its agents to effect stabilising transactions and there is no assurance that stabilising transactions will be undertaken. In no event will measures be taken to stabilise the market price of the Offer Shares above the Final Offer Price. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any stabilising transactions conducted in relation to the Offering.

Under the possible stabilisation measures, the Managers were granted the Over-Allotment Option to allocate to investors the Over-Allotment Shares at the Final Offer Price. For the purpose of such potential Over-Allotment, the Stabilisation Agent, for the account of the Managers, will be provided with up to a number of Shares equal to the number of Over-Allotment Shares from the holdings of Emma Holding in the form of a securities loan. In addition, the Managers will be granted the Greenshoe Option to acquire a number of Shares equal to the number of the Over-Allotment Shares at the Final Offer Price less agreed commissions. The Greenshoe Option will be exercisable to the extent the Over-Allotments was initially exercised. The number of Shares from the holdings of Emma Holding for which the Greenshoe Option is exercised is to be reduced by the number of Shares held by the Stabilisation Agent as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilisation Agent in the context of stabilisation measures. Any Over-allotment Shares made available pursuant to the Over-Allotment Option will rank *pari passu* in all respects with the Offer Shares, including for all dividends and other distributions declared, made or paid on the Offer Shares, will be purchased on the same terms and conditions as the Offer Shares being and will form a single class for all purposes with the other Offer Shares.

This Prospectus will be available in electronic format on the website of the BSE at [www.bvb.ro](http://www.bvb.ro) and on the website of the Company at [www.premiereenergygroup.eu](http://www.premiereenergygroup.eu). Hard copies thereof will be provided free of charge upon request during normal business hours at the headquarters of the Company. Pricing information and other related disclosures are expected to be also published on these websites. The information set forth in this Prospectus is only accurate as of the date on the front cover of this Prospectus. The Company's business and financial condition may have changed since that date.

This Prospectus does not contain any information incorporated therein by reference to information contained in other publicly available documents or sources, regardless of the form in which they have been made available or recorded.

The Company's articles of association (the "Articles of Association") are available on the Company's website at [www.premiereenergygroup.eu](http://www.premiereenergygroup.eu).

#### **NOTICE TO INVESTORS IN THE UNITED STATES**

Neither the Offer Shares nor any other securities of the Company described in this Prospectus have been or will be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States, and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act. In connection with the Offering, the Offer Shares will be made available only to: (i) certain investors outside of the United States in offshore transactions as defined in Regulation S; and (ii) QIBs in the United States as defined under and in accordance with Rule 144A. In addition, until 40 days after the commencement of the Offering, any offer or sale of the Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to the exemption from the registration requirement provided for by the Securities Act.





Neither the United States Securities and Exchange Commission (the "SEC") nor any state securities commission nor any non-U.S. securities authority except the FSA has approved or disapproved of the Shares or determined that this Prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

The Company has agreed that, for so long as any Offer Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to and in compliance with Section 13 or 15(d) of the United States Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish upon request to any holder or beneficial owner of Shares, or any prospective purchaser designated by any such holder or beneficial owner, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

#### **NOTICE TO INVESTORS IN EEA**

No offer of the Offer Shares to the public is being made in any Member State other than Romania. However, the Banks may decide to promote the Offering in another Member State under certain exemptions from the obligation to prepare a prospectus under the Prospectus Regulation, provided that any such offering of the Offer Shares will not result in a requirement to publish the Prospectus by the Company, any of the Selling Shareholder or the Managers under Article 3 of the Prospectus Regulation.

In relation to each Member State of the European Economic Area (other than Romania) (each, a "Relevant State"), there will be no offer of the Offer Shares to the public in that Relevant State other than:

- to a legal entity that is a "qualified investor" as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons other than to qualified investors as defined in Article 2(e) of the Prospectus Regulation; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Company, the Managers or any Selling Shareholder to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement to the prospectus pursuant to Article 23 of the Prospectus Regulation within the territory of the Relevant State and each person who initially acquire Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agree to and with the Managers, the Selling Shareholder and the Company that it is a "qualified investor" within the meaning of the Prospectus Regulation.

For the purposes of the Prospectus, the expression an "offer of the Offer Shares to the public" in relation to any Offer Shares in any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

Each purchaser of Offer Shares in the Offering located within a Member State of the EEA (other than in Romania) will be deemed to have represented, acknowledged and agreed that it is an Institutional Investor. The Company, the Selling Shareholder, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.

The Company, the Selling Shareholder, the Managers and their respective affiliates and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement. Notwithstanding the above, a person who is not a qualified investor and who has notified the Managers of such fact in writing may, with the consent of the Managers, be permitted to purchase Offer Shares in the Offering.

#### **NOTICE TO INVESTORS IN MOLDOVA**

The offering of the Offer Shares pursuant to the Offer is not deemed to be made on the capital market of Moldova (whether on a regulated market or a multilateral trading facility, as such terms are defined under Article 6 of Law No. 171 dated 11 July 2012 on the capital market or by any other means) or otherwise in Moldova, is not directed at any person on the territory of Moldova and should not be relied on by any such person. The Company is not a "joint stock company" within the meaning of Law No. 1134 dated 2 April 1997 on joint stock companies or an "issuer" within the meaning of Law No. 171 dated 11 July 2012 on the



capital market. The Offer Shares are not issued under Moldovan law and are not and will not be registered with the Moldovan National Commission for Financial Markets or any entity in Moldova and will not be offered for circulation, placement, sale, purchase or other transfer in the territory of Moldova.



## NOTICE TO UK INVESTORS

This Prospectus and any other material in relation to the Offer Shares described herein is only being distributed in the United Kingdom to, and is only directed at, persons that are qualified investors ("**qualified investors**") within the meaning of Article 2(e) of the UK Prospectus Regulation (as defined below) that also: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as the "**relevant persons**"). The Offer Shares are only available in the United Kingdom to, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, the relevant persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Prospectus or any of its contents.

## INFORMATION TO DISTRIBUTORS

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the Offer Shares may decline and investors could lose all or part of their investment; the Offer Shares offer no guaranteed income and no capital protection; and an investment in the Offer Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offer. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Managers will only procure investors who meet the criteria of retail and professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Offer Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Offer Shares and determining appropriate distribution channels.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are not historical facts and are "**forward-looking**" within the meaning of securities laws of certain jurisdictions, including Section 27A of the Securities Act and Section 21E of the Exchange Act. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, statements preceded by, followed by or that include the words "may", "will", "would", "should", "expect", "intend", "estimate", "forecast", "anticipate", "project", "believe", "seek", "plan", "predict", "continue", "commit", "believe", "target", "aim", "could", "undertake", "is expected" and similar expressions or their negatives or other variations or comparable terminology, or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements appear in a number of places throughout this Prospectus.





Forward-looking statements include statements regarding intentions, beliefs or current expectations concerning, among other things, results of operations, prospects, growth, strategies and the industry in which the Company operates. Such forward-looking statements involve known and unknown, predictable and unpredictable risks, uncertainties and other important factors beyond the Company's or the Group's control that could cause its actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward looking statements, which might eventually not come true. In addition, this Prospectus includes forward-looking information that has been extracted from third-party sources. The forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These assumptions reflect the Company's best judgment based on currently known market conditions and other factors, some of which are discussed below. However, assumptions about future events may prove to be inaccurate. The Company cautions all readers that the forward-looking statements contained in this Prospectus are not guarantees of future performance, and no assurance can be given to any reader that such statements will be realised or the forward-looking events and circumstances will occur. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, many of which are beyond the Group's control, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. Among the important factors that could cause the Company's actual results, performance or achievements to differ materially from those expressed in such forward-looking statements are those in "*RISK FACTORS*", "*Operating and Financial Review*", "*Business*" and elsewhere in this Prospectus. Investors should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to:

- general economic conditions;
- changes in the regulatory and fiscal environment;
- competition;
- foreign currency risk.

The above list of important factors and the other factors in "*RISK FACTORS*" is not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Group's result of operations, financial condition, liquidity and the development of the industry in which the Group operates. New risks affecting the Group's operations and business can emerge from time to time, and it is not possible to predict all such risks, nor to assess the impact of all such risks on the Group's business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. When reviewing forward-looking statements, investors should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Group operates. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

Forward-looking statements contained in this Prospectus speak only as at the date of this Prospectus. The Group and the Selling Shareholder expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based unless required to do so by any applicable regulatory regime. Investors should construe all subsequent written or oral forward-looking statements attributable to the Group or the Selling Shareholder or to persons acting on their behalf as being qualified by the cautionary statements in this Prospectus. As a result, investors should not place undue reliance on such forward-looking statements.

Investors should note that the contents of these paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in this Prospectus.

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

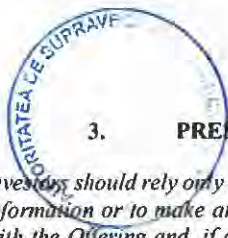
The Company is incorporated under the laws of Cyprus. Certain persons referred to herein are residents of Romania and Moldova and certain entities referred to herein are organised under the laws of Romania and Moldova. All or a substantial portion of the assets of such persons and entities are located in Romania and Moldova. As a result, it may not be possible for investors to:



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- effect service of process within other countries upon the Company or any of the Company's directors and senior managers named in this Prospectus; or
  - enforce, in other countries, court judgments obtained in courts of such other countries against the Company or any of its directors and senior managers named in this Prospectus in any action, or obtain the recognition of such judgments.

For more details, see "*Recognition And Enforcement Of Judgments In Civil And Commercial Matters*."





### 3. PRESENTATION OF FINANCIAL AND OTHER INFORMATION

*Investors should rely only on the information in this Prospectus. No person has been authorized to give any information or to make any representations other than those contained in this Prospectus in connection with the Offering and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Company, the Selling Shareholder or the Managers. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation by the Managers or any selling agent as to the past, present or future. Without prejudice to any obligation of the Company to publish a supplement to the prospectus (in relation to which the Managers undertakes no responsibility whatsoever), neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company or the Group taken as a whole since the date hereof or that the information contained herein is correct as of any time subsequent to its date.*

#### **Financial and Operating Information**

##### ***Financial Statements of the Group***

The consolidated financial information of the Group set out in this Prospectus as at and for the years ended 31 December 2023, 2022 and 2021 has been derived from the Group's audited special purpose consolidated financial statements as of and for the years ended 31 December 2023, 2022 and 2021 (the "**Audited Special Purpose Consolidated Financial Statements**"), which are included in this Prospectus. The Audited Special Purpose Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**"), as adopted by the European Union. The Audited Special Purpose Consolidated Financial Statements are presented in euro.

The Audited Special Purpose Consolidated Financial Statements are set forth on pages F-2 to F-125 in this Prospectus.

##### ***Non-IFRS Measures and Alternative Performance Measures***

This Prospectus includes certain financial measures that are not measures of performance specifically defined by IFRS, and that may constitute Alternative Performance Measures ("**APMs**"), as defined in the European Securities and Markets Authority ("**ESMA**") Guidelines on Alternative Performance Measures dated 5 October 2015 and further guidance published by ESMA through to the date of this Prospectus. The Group has included these measures because it believes that they enhance an investor's understanding of the Group's financial performance. The Group also uses the non-IFRS measures disclosed in this Prospectus in the Group's business operations to, among other things, evaluate the performance of operations, develop budgets and measure performance against those budgets. The Company also believes that these non-IFRS measures are commonly reported by comparable businesses and used by investors to compare the performance of businesses.

The Group defines and calculates these non-IFRS measures as follows:

- *Profit from Operations* as revenues plus other operating income, gain on bargain purchase, less cost of electricity gas and transportation, raw materials and consumables used, depreciation and amortization, services and material expenses, personnel expenses, impairment from loans and other receivables and other operating expenses;
- *Adjusted EBITDA* as Profit from Operations, plus depreciation and amortization, minus gain on bargain purchase;
- *Adjusted EBITDA Margin* as Adjusted EBITDA divided by revenue;
- *Normalized EBITDA* as Adjusted EBITDA adding (i) positive/(negative) tariff adjustments, and (ii) positive/(negative) energy unbilled adjustments derived from the Group's operations in Moldova;
- *Net Debt* as Total Financial Debt less cash and cash equivalents;





- *Net Working Capital* as the sum of trade receivables plus inventories plus other current assets (excluding cash and equivalents) minus current trade payables and minus other current liabilities (excluding short term debt);
- *Adjusted Net Debt* as a Net Debt plus Net Working Capital;
- *Adjusted Net Leverage* as Net Debt divided by Adjusted EBITDA;
- *Normalized Net Leverage* as Net Debt divided by Normalized EBITDA;
- *Pro forma Normalized Net Leverage* as Net Debt divided by Pro Forma Normalized EBITDA
- *Total Financial Debt* as the sum of non-current liabilities due to banks and other financial institutions, plus current liabilities comprising of bank overdrafts, current liabilities due to non banks, current liabilities due to banks and other financial institutions and current bonds and notes issued;
- *Capital expenditure* as a sum of the funds used in the given period to acquire, upgrade, and maintain physical assets such as properties, plant and equipment and intangible assets such as information technologies. Financial outlays with deemed economic useful life more than one year are classified as capital expenditures and are capitalized on the Group's balance sheet.
- For the purposes of this Prospectus only, the Group also presents *Pro-Forma Normalized EBITDA* which is defined as the Group's Normalized EBITDA plus CEZ Vanzare's EBITDA, as derived from the Unaudited Pro-Forma Financial Information;

The Company believes that the presentation of these non-IFRS measures enhances an investor's understanding of the Group's financial performance. These non-IFRS measures are not presented in accordance with IFRS and the Company's use of them may vary from others in the Group's industry. These non-IFRS measures have limitations as an analytical tool and should not be considered in isolation or as a substitute for financial information as reported under IFRS. For example, Adjusted EBITDA or Normalized EBITDA (including similar measures) do not reflect the effect of finance costs, income tax expense or depreciation, amortization on the Group's operating performance. In addition, Adjusted EBITDA or Normalized EBITDA should not be considered as alternatives to net profit or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Group's liquidity. In particular, neither Adjusted EBITDA nor Normalized EBITDA should be considered a measure of discretionary cash available to the Group to invest in the growth of its business.

For a reconciliation of these measures to the nearest IFRS line item, see "*Selected Financial And Operating Information-Non-IFRS Measures*."

In addition, the Group uses certain operational key performance indicators ("**KPIs**") to measure performance, identify trends and make strategic decisions. The Group's KPIs include:

- regulated asset base (RAB) in each of Romania and Moldova,
- regulated revenue,
- number of natural gas concessions,
- distribution consumption points for each of Romania and Moldova,
- number of customers for the supply business for each of Romania and Moldova, and
- volumes supplied for electricity in Moldova and natural gas in Romania.

#### ***Pro Forma Financial Information***

On 21 December 2023, the Group signed a share purchase agreement for the acquisitions of a 100% share stake in CEZ Vanzare, an electricity and gas supply business providing approximately 3,157 GWh of electricity and gas to its customers and the acquisition took effect on 15 April 2024. The acquisition under consideration has satisfied the significance criteria set forth by the European Securities and Markets





Authority (ESMA). Therefore, the unaudited pro forma financial information of the Group presented in this section and other places of this Prospectus has been prepared to illustrate the effect of the acquisition of CEZ Vanzare on the Group's Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023 had the acquisitions taken place on 1 January 2023 and on the Group's Statement of Financial Position as of 31 December 2023 had the acquisition of CEZ Vanzare taken place on 31 December 2023 (the "**Pro Forma Financial Statements**"). For further information see also "*Acquisition of CEZ Vanzare*".

In this Prospectus, any reference to "*pro forma*" consolidated financial information shall be construed as a reference to information which has been extracted without material adjustment from the unaudited *pro forma* financial information contained in the section "*Pro Forma Financial Information*" of this Prospectus. The *Pro Forma* Financial Statements have been prepared for illustrative purposes only and, because of their nature, address a hypothetical situation and do not, therefore, represent the Group's actual financial position or results and have not been audited. Accordingly, the *Pro Forma* Financial Statements may not, because of their nature, give a true picture of the Group's financial position or results. The Group's future results of operations and financial position may differ materially from the *pro forma* financial information reflected in the *Pro Forma* Financial Statements.

The *Pro Forma* Financial Statements have been prepared on the basis set out in the notes thereto and in accordance with Annex II to the Prospectus Regulation. The *Pro Forma* Financial Statements have not been prepared, and shall not be construed as having been prepared, in accordance with Regulation S-X under the Securities Act. The *Pro Forma* Financial Statements are based on assumptions that the Company's believes are reasonable and should be read in conjunction with the Audited Special Purpose Consolidated Financial Statements.

#### ***Unaudited financial information***

The label "unaudited" is used in this Prospectus to indicate financial information that was not taken from the Audited Special Purpose Consolidated Financial Statements mentioned above. Such unaudited information includes the *Pro Forma* Financial Statements, certain APMs and KPIs.

#### **Industry and Market Information**

Industry and market data used in this Prospectus under the captions "*SUMMARY*", "*RISK FACTORS*", "*Management Discussion And Analysis Of Financial Condition And Results Of Operations*", "*Industry Overview And Key Trends*" and "*Business*" has been extracted from official and industry sources and other sources the Company believes to be reliable. Sources of such information, data and statistics include independent industry publications, market research, internal surveys and estimates, and other publicly available information. In particular, the Group has cited the following third-party sources in this Prospectus: the National Bank of Moldova ("*NBM*"), the National Bank of Romania ("*NBR*"), the Moldovan ANRE, the Romanian ANRE, the FTI Consulting Market Report dated 18 April 2024 (the "*FTI Report*"), the World Bank and the European Commission. Such information is subject to change and cannot be verified with complete certainty. The analysts' estimates and conclusions can vary materially from the true figures and as a result their reports can understate or overstate market size, market share, growth rates and other important industry data. In addition, certain data contained in the available analyst reports may differ from that contained in the Group's internal records and/or may differ from the Group's understanding of the relevant market and its competitors. The Group cannot provide any assurance that data relating to its competitors in such analyst reports are correct or the same as those contained in its competitors' internal records. Therefore, caution should be exercised in analysing these estimates and no undue reliance should be placed on them. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable, but the accuracy and completeness of such information is not guaranteed. The Company has not independently verified such data.

The third-party sources the Company has used generally state that the information they contain has been obtained from sources believed to be reliable. These third-party sources also state, however, that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on significant assumptions. As the Company does not have access to the facts and assumptions underlying such market data, or to the statistical information and economic indicators contained in these third-party sources, the Company is unable independently to verify such information.





Such information, data and statistics have been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published or provided by the aforementioned sources, no facts have been omitted which would render the reproduced information, data and statistics inaccurate or misleading.

### **Legal References**

Except where expressly mentioned otherwise, a reference in this Prospectus to a legal provision is considered a reference to the respective provision as it was amended and/or republished and in force as at the date of this Prospectus.

### **Countries**

In this Prospectus, all references to the "US" are to the United States of America, references to the "UK" are to the United Kingdom of Great Britain and Northern Ireland, all references to the "EU" are to the European Union and its member states as of the date of this Prospectus, and all references to the "EEA" are to the European Economic Area and its member states as of the date of this Prospectus.

### **Currencies**

In this Prospectus, all references to "EUR", "€" and "euro" are to the lawful currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended, all references to "MDL" and "Moldovan Leu" are to the lawful currency of Moldova, all references to "RON" and "Lei" are to the lawful currency of Romania and all references to "\$", "USD" and "US\$" are to the lawful currency of the United States of America.

The translations of some RON, MDL or euro amounts derived from third party sources may differ from the exchange rates used for the conversions of the functional currencies into the presentation currency in the Audited Special Purpose Consolidated Financial Statements. The Company makes no representation that the RON or MDL amounts referred to in this Prospectus could have been or could be converted into any currency at any exchange rate. The Group's presentation currency is the EUR. The Group's functional currencies are RON, MDL and EUR as they reflect the economic substance of the Group's underlying events and circumstances. See also, "*Exchange Rate Information*".

### **Rounding**

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, (i) figures shown for the same category presented in different tables may vary slightly; (ii) figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them; (iii) percentages in tables have been rounded and accordingly may not add up to 100%; and (iv) the calculations, variations and other percentages may differ slightly from their actual calculations due to rounding of underlying financial, statistical and operating information.





#### 4. EXCHANGE RATE INFORMATION

The following tables show, for the periods indicated, information relating to the exchange rates between the RON and the €, based on information derived from the NBR and between the MDL and the €, based on information derived from the NBM. Fluctuations in exchange rates between the RON or MDL, on the one hand, and the €, on the other, in the past are not necessarily indicative of fluctuations that may occur in the future. These rates may also differ from the actual rates used in the preparation of the Audited Special Purpose Consolidated Financial Statements and those used in relation to the other information presented in this Prospectus.

The columns titled "Average" in the tables below show the average of the annual reference rates for the respective twelve-month periods as per the NBR and the NBM annual reports.

|               | Period end<br>exchange rate<br>RON/€ | Average <sup>(1)</sup> |
|---------------|--------------------------------------|------------------------|
|               | (RON per €)                          |                        |
| 2021          | 4.9481                               | 4.9204                 |
| 2022          | 4.9474                               | 4.9315                 |
| 2023          | 4.9746                               | 4.9465                 |
| January 2024  | 4.9759                               | 4.9748                 |
| February 2024 | 4.9690                               | 4.9748                 |
| March 2024    | 4.9695                               | 4.9709                 |

Source: NBR

<sup>(1)</sup> Calculated as the average of the rates during the relevant period.

|               | Period end<br>exchange rate<br>MDL/€ | Average <sup>(1)</sup> |
|---------------|--------------------------------------|------------------------|
|               | (MDL per €)                          |                        |
| 2021          | 20.0938                              | 20.9255                |
| 2022          | 20.3792                              | 19.8982                |
| 2023          | 19.3574                              | 19.6431                |
| January 2024  | 19.2350                              | 19.3171                |
| February 2024 | 19.2840                              | 19.2592                |
| March 2024    | 19.0283                              | 19.2462                |

Source: NBM

<sup>(1)</sup> Calculated as the average of the rates during the relevant period.

The Company makes no representation that any specific currency amount referred to in this Prospectus could have been or could be converted into any of the other currencies presented in this Prospectus at the above exchange rates, at any other rate or at all. Unless otherwise stated, the foreign currency amounts shown in USD, RON, or MDL, as the case may be, are presented using the relevant EUR exchange rate used in the Annual Special Purpose Consolidated Financial Statements, and not the above shown convenience exchange rate information.



## 5. THE OFFERING

The Company

PREMIER ENERGY PLC

The Selling Shareholder

EMMA ALPHA HOLDING LTD

The Offering

The Offering comprises an offering of up to 35,937,859 Offer Shares, for (i) subscription of up to 25,000,250 New Shares issued by the Company and (ii) sale by the Selling Shareholder of up to 6,250,063 Existing Shares, and of a maximum number of 4,687,546 Over-Allotment Shares for which the Stabilisation Manager was granted the Over-Allotment Option to allow for stabilisation measures, if appropriate.

In addition, upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may jointly decide to exercise the Upsize Option and increase the number of Offer Shares by up to 20% of the number of Base Shares, representing up to 6,250,063 Upsize Shares, out of which additional New Shares will be 80% and additional Existing Shares will be 20%. Therefore, if the Upsize Option is exercised, the Upsize Shares will consist of up to 5,000,050 additional New Shares offered by the Company and up to 1,250,013 additional Existing Shares offered by the Selling Shareholder. Should the Over-Allotment Option and the Upsize Option be exercised, the maximum number of Offer Shares will be 42,187,922, composed of a maximum number of 31,250,313 Base Shares, a maximum number of 4,687,546 Over-Allotment Shares, and a maximum number of 6,250,063 Upsize Shares.

For the avoidance of doubt, should the Company and the Selling Shareholder decide to exercise the Upsize Option, any reference herein to "Offer Shares" will be read as referring to the Offer Shares as increased by the Upsize Shares.

The Offering is structured as an offering of Offer Shares: (a) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act including to the public in Romania and (b) in the United States to QIBs as defined in, and in reliance on, Rule 144A or another available exemption under the Securities Act.

Joint Global Coordinators

Citigroup, UniCredit and WOOD & Company

Joint Bookrunners

Alpha Bank Romania and BT Capital Partners S.A.

Offering Tranches

The Offering is split into two Offering Tranches as follows: (i) 20% of the Offer Shares will be initially offered to retail investors (as defined below) (the "**Retail Tranche**"); and (ii) the remaining Offer Shares will be initially offered to institutional investors (as defined below) (the "**Institutional Tranche**").

"**Institutional Investors**" means (a) a "qualified investor", as defined in Article 2 (e) of the Prospectus Regulation, or (b) an "eligible counterparty" within the meaning of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), or (c) a







"qualified investor" as defined in Article 2(e) of the Prospectus Regulation, as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), as amended, or (d) a QIB as defined in Rule 144A, or (e) an equivalent institution whose subscription in the Offering would not constitute a violation of applicable law or regulation and which is not located in any jurisdiction where the extension or availability of the Offering (and any other transaction contemplated thereby) would breach any applicable law or regulation; and

**"Retail Investors"** means any individual or entity (with or without legal personality) who does not meet the above criteria to qualify as an Institutional Investor.

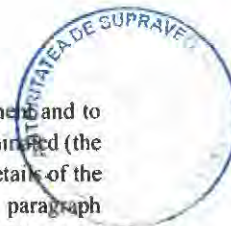
The final number of Offer Shares (including any Upsize Shares, if the case) and the final size of each Offering Tranche will be determined by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators, based on the volume and price of subscriptions from investors, on the Allocation Date. There shall be no minimum size for the Offering Tranches. Upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may decide to re-allocate Offer Shares, representing a maximum of 10% of the total number of Offer Shares, from one Offering Tranche to the other Offering Tranche, on the basis of the subscription levels in each Offering Tranche. The re-allocation from the Retail Tranche to the Institutional Tranche shall occur only in case the Retail Tranche is less than 200% subscribed.

All Shares will be or have been created (as applicable) under, and conform to, the laws of Cyprus.

The Offer Shares allocated in the Offering will be sold at the Final Offer Price or the Discounted Final Offer Price. The subscribed Offer Shares will be allocated to investors by the Company and the Selling Shareholder, upon the recommendation of, and in consultation with the Joint Global Coordinators, on the Allocation Date. For details on how the Offer Shares will be allocated within each Tranche please see section *"Subscription And Sale – Allocation of the Offer Shares"*.

|                                    |                                                                                                                                                                                                                                                                                                                             |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offer Shares                       | Up to 35,937,859 ordinary Shares with a nominal value of EUR 0.001 each (including any Over-Allotment Shares).<br><br>If the Upsize Option is exercised, the maximum total number of Offer Shares will be 42,187,922 ordinary Shares.                                                                                       |
| Offering Period                    | Six (6) Business Days, from and including 8 May 2024 and to and including 15 May 2024.                                                                                                                                                                                                                                      |
| Allocation Date                    | 15 May 2024                                                                                                                                                                                                                                                                                                                 |
| Successful Closing of the Offering | The successful closing of the Offering will be subject, <i>inter alia</i> , to (i) the determination of the Final Offer Price for Institutional Investors, (ii) each of the Company's, the Selling Shareholder's and the Joint Global Coordinators' decisions to proceed with the Offering and (iii) to the satisfaction of |





conditions contained in the Underwriting Agreement and to the Underwriting Agreement not having been terminated (the "Successful Closing of the Offering"). Further details of the Underwriting Agreement are set out in paragraph "Underwriting Agreement" below. For the avoidance of doubt, the number of Offer Shares subscribed in the event of a Successful Closing of the Offering can be less than 100%.

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Offer Price Range       | RON 19.00 - RON 21.50                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Final Offer Price       | The Final Offer Price shall be determined in RON at the latest on the Allocation Date. See "Subscription And Sale".                                                                                                                                                                                                                                                                                                                                                                              |
| Intermediation method   | Best efforts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Distribution Group      | Banca Transilvania S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Shareholders' Registry  | The shareholders' registry is currently kept by the Board of Directors in Cyprus. Once the Shares issued by the Company are admitted to trading, the shareholders' registry will be kept by the Romanian Central System Depository (Depozitarul Central S.A., with the registered office in 34-36 Bulevardul Carol I, 3rd, 8th and 9th floors, District 2, post code 020922, Bucharest, Romania).                                                                                                |
| Listing and Trading     | <p>Application will be made to the BSE for the admission of Shares to trading on the regulated market operated by it. The BSE is a regulated market for the purposes of the Directive on Markets in Financial Instruments.</p> <p>The security identification numbers and trading symbols of the Shares are (expected to be) as follows:</p> <p>ISIN: CY0200900914</p> <p>FISN: PREMIER ENERGY /SH</p> <p>CFI: ESVUFR</p> <p>LEI: 213800UAOHO8R16T5W38</p> <p>BSE Shares trading symbol: PE.</p> |
| Settlement and Transfer | Payment for the Offer Shares is expected to be made in RON through RoClear (Romanian Clearing Settlement, Custody, Depository and Registration System), which is managed by the Romanian Central Depository. Transfers of Shares within the Offering and secondary market sales of Shares will be settled and cleared through the settlement system managed by the Romanian Central Depository, in accordance with applicable Romanian regulations.                                              |
| Stabilisation Manager   | Citigroup                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Stabilisation Agent     | WOOD & Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Lock-Up                 | Pursuant to the Underwriting Agreement, the Company will agree that during the period from the date of the Underwriting Agreement to, and including, 360 calendar days from the Settlement Date, neither it nor any member of its group will, among other things, directly or indirectly offer, issue, sell,                                                                                                                                                                                     |





contract to sell, pledge, sell or grant any option over, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of the Shares, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or enter into any transaction with the same economic effect as any of the foregoing or publicly announce the intention to do any of the foregoing, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), subject to customary exemptions.

Pursuant to the Underwriting Agreement (and, in the case of Mr. Stohr and Mr. Garza, a lock-up deed dated on or around the date of the Prospectus (the "**Lock-up Deed**")) each of the Selling Shareholder and Mr. Stohr and Mr. Garza will also agree that during the period from the date of the Underwriting Agreement to, and including, 180 calendar days (and respectively, 24 months in the case of Mr. Stohr and Mr. Garza) from the Settlement Date, it will not, among other things, directly or indirectly offer, issue, sell, contract to sell, pledge, sell or grant any option over, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell or lend or otherwise transfer or dispose of the Shares, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or enter into any transaction with the same economic effect as any of the foregoing or publicly announce the intention to do any of the foregoing, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), subject to customary exemptions and in respect of the Selling Shareholder, subject to any disposal for the purpose of pledging or charging any Share to or for the benefit of a margin loan lender in connection with a margin loan granted to the Selling Shareholder and any disposal for the purpose of transferring, selling and/or appropriating any Shares pursuant to any enforcement thereof.

#### Use of Proceeds

The amount of the proceeds of the Offering as well as the related costs depend on, among others, on the Final Offer Price (which determines the Managers' fees) and the number of New Shares that will be sold in the Offering as well subject to the exercise of the Upsize Option. The Company will not receive any proceeds from the sale of the Over-Allotment Shares.

Assuming the placement of all Base Shares and Over-Allotment Shares, the Company estimates that at the low end and the high end of the Offer Price Range, the gross proceeds for the Company would amount to approximately €95,453,399 and approximately €108,013,057 respectively, and after deducting costs and expenses related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) the net proceeds to the Company will amount to approximately €84,627,115 and approximately €96,478,530 respectively.





Assuming the placement of all Base Shares, Upside Shares and Over-Allotment Shares, the Company estimates that at the low end and the high end of the Offer Price Range, the gross proceeds for the Company would amount to approximately €114,544,080 and approximately €129,615,670 respectively, and after deducting costs and expenses related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) the net proceeds to the Company will amount to approximately €102,525,155 and approximately €116,765,330 respectively.

The Company will use the proceeds of the Offering for acquiring renewable energy assets in Romania and Moldova, as well as for capital expenditure on the development of renewable energy production assets.

Dividend Policy

The Company intends to pay out 30% - 70% of its consolidated annual net profit.

Voting Rights

Each Share carries one vote for the purposes of shareholder meetings. See section "*Description Of Share Capital And Corporate Structure*".

Selling and Transfer Restrictions

The Shares will be freely transferable, subject to certain restrictions as described under section "*IMPORTANT INFORMATION ABOUT THIS PROSPECTUS*".

Risk Factors

Investors should carefully consider certain risks discussed under section "*RISK FACTORS*" of this Prospectus.





## 6. USE OF PROCEEDS

The amount of the proceeds of the Offering as well as the related costs depend on, among others, on the Final Offer Price (which determines the Managers' fees) and the number of New Shares that will be sold in the Offering as well subject to the exercise of the Upsize Option. The Company will not receive any proceeds from the sale of the Over-Allotment Shares.

The total costs and expenses of the Company related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) are expected to be approximately €11,276,564 in a Base Deal Scenario and €12,547,514 in an Upsize Scenario, each assuming an Offer Price at the mid-point of the Offer Price Range.

Assuming the placement of all Base Shares and Over-Allotment Shares (the "**Base Deal Scenario**"), the Company estimates that at the low end and the high end of the Offer Price Range, the gross proceeds for the Company would amount to approximately €95,453,399 and approximately €108,013,057 respectively, and after deducting costs and expenses related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) the net proceeds to the Company will amount to approximately €84,627,115 and approximately €96,478,530 respectively.

Assuming the placement of all Base Shares, Upsize Shares and Over-Allotment Shares (the "**Upsize Scenario**"), the Company estimates that at the low end and the high end of the Offer Price Range, the gross proceeds for the Company would amount to approximately €114,544,080 and approximately €129,615,670 respectively, and after deducting costs and expenses related to the Offering and the Admission (including the Managers' fees (assuming the payment in full of both the Base Fee and the Discretionary Fee)) the net proceeds to the Company will amount to approximately €102,525,155 and approximately €116,765,330 respectively.

The Company will use the proceeds of the Offering for acquiring renewable energy assets in Romania and Moldova, as well as for capital expenditure on the development of renewable energy production assets.





## 7. DIVIDEND POLICY

According to the Company's dividend policy, it is the Company's intention to pay dividends, subject to applicable law and commercial considerations (including, without limitation, applicable regulations, restrictions, the Group's results of operations, financial condition, cash requirements, contractual restrictions, the Group's future projects and plans).

Under the provisions of the Cypriot Companies Law, the general meeting of shareholders has the power to decide by ordinary resolution on the distribution of dividends based on the recommendation of the Board of Directors, and within the amounts recommended by the Board of Directors. Dividends are distributed *pro rata* to the contribution to the paid-in share capital (Shares owned by the Company's shareholders bearing equal and full rights to dividends). The Company may only pay dividend out of available profits, i.e. the amount of profit recorded by the Company in the last financial year, increased by the profits brought forward at the end of the last financial year and/or sums drawn from reserves available for this purpose, reduced however by the amount of losses brought forward from previous financial years and by the sums placed to reserve in accordance with applicable law or the Articles of Association.

Additionally, the Board of Directors may from time to time pay to shareholders such interim dividends as appear to the Board of Directors to be justified by the Company's profits available for distribution, but no dividend will be paid otherwise than out of profits. The Cypriot Companies Law provides that a public company, such as the Company, shall be allowed to pay interim dividends only if the following conditions apply: (a) the interim financial statements show that the funds available for distribution are sufficient; and (b) the amount to be distributed cannot exceed the amount of profits made since the end of the last financial year, the annual accounts of which have been finalised, increased by the profits which have been transferred from the last financial year and sums drawn from reserves available for this purpose and reduced by the losses of the previous financial years, as well as by the sums to be placed in reserve pursuant to the requirements of the Cypriot Companies Law or the Articles of Association.

The Board of Directors may, before recommending any dividend, set aside out of the Company's profits such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Board of Directors, be applicable for any purpose to which the Company's profits may be properly applied, and pending such application may, at the like discretion, either be employed in the Company's business or be invested in such investments (other than the Company's shares) as the Board of Directors may from time to time think fit. The Board of Directors may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide.

The Company intends to pay-out dividends from 30% to 70% of the Group's consolidated yearly net profit according to IFRS starting from the financial year following the Offering. Management believes that a 30% - 70% dividend pay-out range allows the Group to pursue future growth investment opportunities while also returning part of the generated profits of the Group back to its shareholders.

As required by applicable law, while the Company intends to pay out 30% - 70% of its consolidated annual net profit according to IFRS, the dividends for future financial years following the Offering will be declared on the basis of the available profits generated by the Company.

As the Company is a holding company, its ability to pay dividends depends on the ability of its subsidiaries to pay dividends to it in accordance with the relevant legislation and contractual restrictions. The payment of dividends by those subsidiaries is contingent upon the sufficiency of their earnings, cash flows and distributable reserves.

The maximum dividend payable by the Company's subsidiaries is restricted to the total accumulated retained earnings of the relevant subsidiary, determined according to Romanian and Moldovan laws. The Company's ability to declare and pay dividends depends, among other things, on future profits of the Company as recorded in its individual financial statements, which in turn depend on the distributable profits obtained from the Company's subsidiaries.

As regards the Company's Romanian subsidiaries, dividends, if any, are declared and recorded (and included in the revenues of the Company) in the year subsequent to the year in which the profits of such company are recorded, creating therefore a time gap between the moment when dividends from the Romanian subsidiaries are paid to the Company and the year when the profits of Romanian subsidiaries are recorded.





As regards the Company's Moldovan subsidiaries, dividends, if any, are declared and recorded (and included in the revenues of the Company) in the year subsequent to the year in which the profits of such company are recorded, creating therefore a time gap between the moment when dividends from the Moldovan subsidiaries are paid to the Company and the year when the profits of Moldovan subsidiaries are recorded.

Pursuant to the Articles of Association, all unclaimed dividends may be invested or otherwise made use of by the Board of Directors for the benefit of the Company until claimed. No dividend shall bear interest against the Company unless otherwise provided by the share rights of the said shares. Any dividend which has remained unclaimed for a period of five years from the date of declaration thereof shall, if the directors so resolve, be forfeited and cease to be owed by the Company and shall thenceforth belong to the Company absolutely. The Board of Directors may deduct from any dividend payable to any shareholder all sums of money (if any) presently payable by that shareholder to the Company on account of calls or otherwise in relation to the shares of the Company. According to the Cypriot Companies Law, any distribution made in contravention of its provisions must be returned by the shareholders who received it, if the company proves that the said shareholders were either aware of the irregularity of the distributions made in their favour or could not in view of the circumstances have been unaware of it.

The table below sets forth dividends paid by the Group in the years ended 31 December 2023, 2022 and 2021. The Company had no formal dividend policy in place in this period.

|                                                                      | 2023   | 2022            | 2021 |
|----------------------------------------------------------------------|--------|-----------------|------|
|                                                                      |        | (in € thousand) |      |
| Dividends distributed to the Company's shareholders .....            | 18,000 | -               | -    |
| Dividends distributed to minority shareholders of subsidiaries ..... | 10,748 | 3,087           | 350  |

In 2023, dividends in the amount of €18,000 thousand were distributed to the shareholders of the Company and interim dividends in the total amount of €10,748 thousand were distributed to minority shareholders of subsidiaries.

In 2022, interim dividends in the total amount of €3,087 thousand were distributed to minority shareholders of subsidiaries.

In 2021, interim dividends in the total amount of €350 thousand were distributed to minority shareholders of subsidiaries.



## 8. DILUTION

As of 31 December 2023, the total net asset value of the Group amounted to €404,985 thousand and would amount to €4.05 per share based on 100,001,000 outstanding shares of the Company immediately prior to the Offering. The net asset value of the Group is defined as the Group's total assets minus current and non-current provisions and liabilities, in each case as shown in the Audited Special Purpose Consolidated Financial Statements.

The dilutive effect of the Offering is illustrated in the table below, demonstrating the amount by which the Offer Price exceeds the net asset value per share after completion of the Offering and assuming the Offering had been completed on 31 December 2023. In this respect, the net asset value as of 31 December 2023 is adjusted for the effects of a successful completion of the Offering, in both a Base Deal Scenario as well as in a Upsize Scenario:

- Assuming the sale of all Base Shares and Over-Allotment Shares, representing 25,000,250 New Shares; or
- Assuming the full exercise of the Upsize Option and the sale of all Base Shares, Upsize Shares and Over-Allotment Shares, representing 30,000,300 New Shares.

The calculations are also based on the assumption of payment of the discretionary fee in full as well as an increase in the net asset value by €85 million, €90 million and €95 million at the low-end, mid-point and high-end of the Offer Price Range (in each case not taking into account any tax effects).

The adjusted net asset value is expressed as a per share figure, assuming 125,001,250 Shares in a Base Deal Scenario and 130,001,300 Shares in a Upsize Scenario outstanding upon completion of the Offering (this per share figure being referred to as the "Post-Offering Equity per share").

|                                                                                                                                                                                                     | As of 31 December 2023                              |                                                       |                                                      |                                                     |                                                       |                                                      |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
|                                                                                                                                                                                                     | Assuming the Base Deal Scenario                     |                                                       |                                                      | Assuming the Upsize Scenario                        |                                                       |                                                      |
|                                                                                                                                                                                                     | Offer Price at the low end of the Offer Price Range | Offer Price at the mid-point of the Offer Price Range | Offer Price at the high end of the Offer Price Range | Offer Price at the low end of the Offer Price Range | Offer Price at the mid-point of the Offer Price Range | Offer Price at the high end of the Offer Price Range |
|                                                                                                                                                                                                     | <i>(unaudited) (in €, unless stated otherwise)</i>  |                                                       |                                                      |                                                     |                                                       |                                                      |
| Net asset value per share prior to the Offering (in €) <sup>(1)</sup>                                                                                                                               | 4.05                                                | 4.05                                                  | 4.05                                                 | 4.05                                                | 4.05                                                  | 4.05                                                 |
| Gross proceeds from the Offering (in € million)                                                                                                                                                     | 95                                                  | 102                                                   | 108                                                  | 115                                                 | 122                                                   | 130                                                  |
| Estimated total costs of the Offering (in € million) <sup>(2)</sup>                                                                                                                                 | 11                                                  | 11                                                    | 12                                                   | 12                                                  | 13                                                    | 13                                                   |
| Net proceeds from the Offering (in € million)                                                                                                                                                       | 85                                                  | 90                                                    | 96                                                   | 103                                                 | 110                                                   | 117                                                  |
| Post-Offering Equity (in € million)                                                                                                                                                                 | 490                                                 | 495                                                   | 501                                                  | 508                                                 | 515                                                   | 522                                                  |
| Post-Offering Equity per share (in €) <sup>(3)</sup>                                                                                                                                                | 3.92                                                | 3.96                                                  | 4.01                                                 | 3.90                                                | 3.96                                                  | 4.01                                                 |
| Amount by which the offer price exceeds the Post-Offering Equity per share (immediate dilution of new shareholders of the Company) (in €)                                                           | -0.10                                               | 0.11                                                  | 0.31                                                 | -0.09                                               | 0.11                                                  | 0.31                                                 |
| Percentage by which the offer price exceeds the Post-Offering Equity per share (in %)                                                                                                               | n.m.                                                | 2.67%                                                 | 7.70%                                                | n.m.                                                | 2.82%                                                 | 7.65%                                                |
| Amount by which the Post-Offering Equity per share exceeds the net asset value per share immediately prior to the Offering (immediate accretion to the existing shareholders of the Company) (in €) | -0.23                                               | 0.02                                                  | 0.27                                                 | -0.23                                               | 0.02                                                  | 0.27                                                 |
| Percentage by which the Post-Offering Equity per share exceeds the net asset value per share immediately prior to the Offering (in %)                                                               | n.m.                                                | 0.48%                                                 | 6.68%                                                | n.m.                                                | 0.48%                                                 | 6.68%                                                |

<sup>(1)</sup> Based on 100,001,000 outstanding Shares immediately prior to the Offering and a net asset value of the Group in an amount of €404,985 thousand as of 31 December 2023.

<sup>(2)</sup> Including underwriting and placement commissions payable by the Company to the Managers, other costs relating to the Offering as well as assuming placement of the maximum number New Shares and the relevant maximum number of Offer Shares and payment of the discretionary fee in full.

<sup>(3)</sup> Based on the Post-Offering Equity per share and 125,001,250 Shares in a Base Deal Scenario and 130,001,300 Shares in a Upsize Scenario.





## 9. CAPITALISATION AND INDEBTEDNESS

The following tables show the Company's current and non-current debt, shareholders' equity total capitalization and net financial indebtedness based on the historical figures as at 29 February 2024 as well as adjusted to reflect the assumed gross proceeds of the sale of the New Shares at an assumed offer price at the mid-point of the Offer Price Range less the commissions, costs and expenses related to the Offering payable by the Company estimated at €90,456,664.

The financial information in the tables below is taken or derived from the Group's internal accounting records. The following tables should be read in conjunction with "Selected Financial And Operating Information", "Use Of Proceeds", "Management Discussion And Analysis Of Financial Condition And Results Of Operations", "Business", the Audited Special Purpose Consolidated Financial Statements and the related notes thereto.

### Capitalization

|                                                                         | As of 29 February 2024 |                                                           |                                                        |
|-------------------------------------------------------------------------|------------------------|-----------------------------------------------------------|--------------------------------------------------------|
|                                                                         | Actual                 | Adjusted to reflect the Base Deal Scenario <sup>(1)</sup> | Adjusted to reflect the Upsize Scenario <sup>(2)</sup> |
|                                                                         |                        | (in € thousand)                                           |                                                        |
| <b>Total current debt</b>                                               | <b>44,689</b>          | <b>44,689</b>                                             | <b>44,689</b>                                          |
| Due to non-banks, banks and other financial institutions <sup>(4)</sup> | 44,689                 | 44,689                                                    | 44,689                                                 |
| <b>Total non-current debt</b>                                           | <b>117,368</b>         | <b>117,368</b>                                            | <b>117,368</b>                                         |
| Due to banks and other financial institutions                           | 117,368                | 117,368                                                   | 117,368                                                |
| <b>Shareholder's equity<sup>(3)</sup></b>                               | <b>404,985</b>         | <b>495,442</b>                                            | <b>514,517</b>                                         |
| Share capital <sup>(3)</sup>                                            | 100                    | 125                                                       | 130                                                    |
| Share premium <sup>(1)</sup>                                            | 22,457                 | 112,889                                                   | 131,959                                                |
| Reserves <sup>(1)</sup>                                                 | 45,188                 | 45,188                                                    | 45,188                                                 |
| Retained Earnings <sup>(4)</sup>                                        | 297,993                | 297,993                                                   | 297,993                                                |
| Non-controlling Interests <sup>(1)</sup>                                | 39,247                 | 39,247                                                    | 39,247                                                 |
| <b>Total</b>                                                            | <b>567,041</b>         | <b>657,499</b>                                            | <b>676,574</b>                                         |

<sup>(1)</sup> Calculations assume placement of all Base Shares and Over-Allotment Shares, using an Offer Price at the mid-point of the Offer Price Range.

<sup>(2)</sup> Calculations assume full exercise of the Upsize Option and placement of all Base Shares, Upsize Shares and Over-Allotment Shares, using an Offer Price at the mid-point of the Offer Price Range.

<sup>(3)</sup> Shareholder's equity amounts as of 31 December 2023.

<sup>(4)</sup> Calculations include the following balance sheet lines: Due to non-banks, Due to banks and other financial institutions.

### Net Financial Indebtedness

|                                                                                      | As of 29 February 2024 |                                                           |                                                        |
|--------------------------------------------------------------------------------------|------------------------|-----------------------------------------------------------|--------------------------------------------------------|
|                                                                                      | Actual                 | Adjusted to reflect the Base Deal Scenario <sup>(1)</sup> | Adjusted to reflect the Upsize Scenario <sup>(2)</sup> |
|                                                                                      |                        | (in € thousand)                                           |                                                        |
| <b>A. Cash and cash equivalents</b>                                                  | <b>98,345</b>          | <b>188,802<sup>(4)</sup></b>                              | <b>207,877<sup>(4)</sup></b>                           |
| <b>B. Restricted Cash and other current financial assets<sup>(3)</sup></b>           | <b>22,807</b>          | <b>22,807</b>                                             | <b>22,807</b>                                          |
| <b>C. Liquidity (A)+(B)</b>                                                          | <b>121,152</b>         | <b>211,609</b>                                            | <b>230,684</b>                                         |
| <b>D. Current debt</b>                                                               | <b>44,689</b>          | <b>44,689</b>                                             | <b>44,689</b>                                          |
| <b>E. Current financial indebtedness (D)</b>                                         | <b>44,689</b>          | <b>44,689</b>                                             | <b>44,689</b>                                          |
| <b>F. Net current financial indebtedness (net cash) (E)-(C)</b>                      | <b>(76,463)</b>        | <b>(166,920)</b>                                          | <b>(185,995)</b>                                       |
| <b>G. Non-current financial debt (excluding current portion of debt instruments)</b> | <b>117,368</b>         | <b>117,368</b>                                            | <b>117,368</b>                                         |
| <b>H. Non-current financial indebtedness (G)</b>                                     | <b>117,368</b>         | <b>117,368</b>                                            | <b>117,368</b>                                         |
| <b>I. Total financial indebtedness (F)+(H)</b>                                       | <b>40,904</b>          | <b>(49,553)</b>                                           | <b>(68,628)</b>                                        |

<sup>(1)</sup> Calculations assume placement of all Base Shares and Over-Allotment Shares, using an Offer Price at the mid-point of the Offer Price Range.

<sup>(2)</sup> Calculations assume full exercise of the Upsize Option and placement of all Base Shares, Upsize Shares and Over-Allotment Shares, using an Offer Price at the mid-point of the Offer Price Range.





- <sup>(3)</sup> Includes restricted deposits in financial institutions used as cash collateral for bank loans and letters of guarantee and as collateral with electricity supply customers, as well as gas delivery prepayments and guarantees for payment retained by gas suppliers.
- <sup>(4)</sup> The adjusment of €90 million reflects the euro equivalent of RON 450 million net proceeds of the Offering, assuming the Base Deal Scenario or of €110 million reflects the euro equivalent of RON 545 million net proceeds of the Offering, assuming the Upsize Scenario, in each case based on a conversion from RON to EUR at a rate of RON 4 9763 per €1 00.

#### **Contingencies and Other Financial Obligations**

The Group did not have any reported contingent liabilities as at 31 December 2023, 31 December 2022 and 31 December 2021. As at the date of this Prospectus, the Company does not have any material changes in the contingent liabilities.

#### **No Material Adverse Changes**

There has not been any significant change in the financial positions of the Company since 29 February 2024.

#### **Working Capital Statement**

In the Group's opinion, its working capital is sufficient to meet its present requirements over at least the next twelve months from the date of this Prospectus. The proceeds from the Offering are not considered when making this statement.





## 10. SELECTED FINANCIAL AND OPERATING INFORMATION

The selected consolidated and operating financial information below should be read in conjunction with "Management Discussion And Analysis Of Financial Condition And Results Of Operations", "Presentation Of Financial And Other Information", as well as with the Audited Special Purpose Consolidated Financial Statements and the notes thereto contained elsewhere in this Prospectus.

The following table sets forth the consolidated statement of profit or loss and other comprehensive income of the Group for the years ended 31 December 2023, 2022 and 2021:

### Consolidated Statement of Profit or Loss and Other Comprehensive Income

|                                                                         | For the year ended 31 December |                |               |
|-------------------------------------------------------------------------|--------------------------------|----------------|---------------|
|                                                                         | 2023                           | 2022           | 2021          |
|                                                                         | (in € thousand)                |                |               |
| Revenues                                                                | 911,975                        | 1,096,170      | 401,680       |
| Other Operating Income                                                  | 34,838                         | 23,076         | 2,908         |
| Gain On Bargain Purchase                                                | 4,037                          | 10,843         | 1,205         |
| Cost Of Electricity, Gas and Transportation                             | (738,602)                      | (811,219)      | (312,045)     |
| Raw Materials and Consumables Used                                      | (4,847)                        | (3,775)        | (1,699)       |
| Depreciation and Amortization                                           | (19,109)                       | (17,521)       | (14,332)      |
| Services and Material Expenses                                          | (46,021)                       | (36,559)       | (26,658)      |
| Personnel Expenses                                                      | (28,761)                       | (22,760)       | (17,765)      |
| Other Operating Expenses                                                | (1,960)                        | (2,497)        | (602)         |
| Reversal Of (Impairment) On Loans And Receivables                       | 1,108                          | (1,245)        | 179           |
| Finance Income                                                          | 2,323                          | 1,156          | 1,291         |
| Finance Expense                                                         | (12,683)                       | (11,169)       | (6,541)       |
| <b>Profit Before Tax</b>                                                | <b>102,298</b>                 | <b>224,500</b> | <b>27,621</b> |
| Income Tax Expense                                                      | (23,336)                       | (41,256)       | (5,309)       |
| <b>Profit After Tax</b>                                                 | <b>78,962</b>                  | <b>183,244</b> | <b>22,312</b> |
| Other Comprehensive Income For The Year                                 | 16,971                         | (2,847)        | 13,200        |
| Total Comprehensive Income For The Year                                 | 95,933                         | 180,397        | 35,512        |
| <b>Total Comprehensive Income Attributable To Owners Of The Company</b> | <b>82,347</b>                  | <b>163,503</b> | <b>35,346</b> |

The following table sets forth the consolidated statement of financial position of the Group as at 31 December 2023, 2022 and 2021:

### Statement of Consolidated Financial Position

|                                                        | As at 31 December |                |                |
|--------------------------------------------------------|-------------------|----------------|----------------|
|                                                        | 2023              | 2022           | 2021           |
|                                                        | (in € thousand)   |                |                |
| <b>ASSETS</b>                                          |                   |                |                |
| <b>Non-current assets</b>                              |                   |                |                |
| Intangible assets and goodwill                         | 47,759            | 41,099         | 10,381         |
| Property, plant and equipment                          | 399,132           | 315,309        | 252,039        |
| Investments in equity-accounted investees              | 199               | --             | --             |
| Loans receivable                                       | 4,855             | 4,649          | 2,335          |
| Trade receivables                                      | 1,146             | --             | 22             |
| Other assets                                           | 14,057            | 3,705          | 6,808          |
| Green certificates                                     | 1,090             | 3,628          | --             |
| Restricted deposits                                    | 2,303             | 5,446          | 141            |
| Deferred tax assets                                    | 438               | 2,542          | 2,059          |
| <b>Total non-current assets</b>                        | <b>470,979</b>    | <b>376,378</b> | <b>273,785</b> |
| <b>Current assets</b>                                  |                   |                |                |
| Loans receivable                                       | 201               | 196            | 33             |
| Current income tax assets                              | 26                | 66             | 26             |
| Trade receivables                                      | 87,240            | 108,520        | 73,954         |
| Inventories                                            | 35,424            | 49,132         | 6,344          |
| Other assets                                           | 45,386            | 35,600         | 18,151         |
| Green certificates                                     | 3,895             | 2,050          | --             |
| Restricted deposits                                    | 5,638             | 9,934          | 778            |
| Financial assets at amortised cost – other deposits    | --                | 64             | 64             |
| Operating derivative instruments – commodity contracts | --                | 3,123          | --             |
| Contract assets                                        | 779               | 154            | 208            |





|                                                        |                |                |                |
|--------------------------------------------------------|----------------|----------------|----------------|
| Cash and cash equivalents                              | 81,272         | 48,657         | 19,783         |
| <b>Total current assets</b>                            | <b>259,861</b> | <b>257,496</b> | <b>219,341</b> |
| <b>Total assets</b>                                    | <b>730,840</b> | <b>633,874</b> | <b>393,126</b> |
| <b>EQUITY</b>                                          |                |                |                |
| Share capital                                          | 100            | 100            | 100            |
| Share premium                                          | 22,457         | 22,457         | 22,457         |
| Common control transaction reserve                     | (5,018)        | (5,018)        | (5,018)        |
| Revaluation reserves                                   | 46,790         | 37,883         | 37,768         |
| Translation reserve                                    | (18)           | (7,587)        | (4,879)        |
| Legal reserve                                          | 3,434          | 2,804          | 2,194          |
| Retained earnings                                      | 232,122        | 84,778         | 63,542         |
| Profit for the year                                    | 65,871         | 166,018        | 22,664         |
| <b>Equity attributable to owners of the Company</b>    | <b>365,738</b> | <b>301,435</b> | <b>138,828</b> |
| <b>Non-controlling interests</b>                       | <b>39,247</b>  | <b>33,480</b>  | <b>10,531</b>  |
| <b>Total equity</b>                                    | <b>404,985</b> | <b>334,915</b> | <b>149,359</b> |
| <b>LIABILITIES</b>                                     |                |                |                |
| <b>Non-current liabilities</b>                         |                |                |                |
| Provisions                                             | 6,227          | 2,533          | 845            |
| Due to banks and other financial institutions          | 100,379        | 91,143         | 81,759         |
| Trade payables                                         | 38             | —              | —              |
| Lease liabilities                                      | 4,542          | 3,212          | 1,461          |
| Other liabilities                                      | 38,040         | 16,216         | 12,511         |
| Deferred tax liabilities                               | 22,579         | 20,119         | 16,393         |
| <b>Total non-current liabilities</b>                   | <b>171,805</b> | <b>133,223</b> | <b>112,969</b> |
| <b>Current liabilities</b>                             |                |                |                |
| Bank overdrafts                                        | —              | —              | 7,607          |
| Provisions                                             | 2,698          | 1,690          | 576            |
| Due to non-banks                                       | 1,318          | 3,965          | 1,736          |
| Due to banks and other financial institutions          | 53,096         | 49,879         | 46,589         |
| Bonds and notes issued                                 | —              | 2,020          | —              |
| Operating derivative instruments – commodity contracts | —              | 3,777          | —              |
| Current income tax liabilities                         | 3,946          | 3,126          | 3,965          |
| Trade payables                                         | 46,740         | 18,434         | 21,303         |
| Contract liabilities                                   | 17,574         | 11,169         | 6,501          |
| Lease liabilities                                      | 674            | 510            | 435            |
| Other liabilities                                      | 28,004         | 71,166         | 42,086         |
| <b>Total current liabilities</b>                       | <b>154,050</b> | <b>165,736</b> | <b>130,798</b> |
| <b>Total liabilities</b>                               | <b>325,855</b> | <b>298,959</b> | <b>243,767</b> |
| <b>Total liabilities and equity</b>                    | <b>730,840</b> | <b>633,874</b> | <b>393,126</b> |

The following table sets forth the consolidated statement of cash flows of the Group for the years ended 31 December 2023, 2022 and 2021:

#### Statement of Consolidated Cash Flows

|                                                                          | For the year ended 31 December |                |               |
|--------------------------------------------------------------------------|--------------------------------|----------------|---------------|
|                                                                          | 2023                           | 2022           | 2021          |
|                                                                          | (in € thousand)                |                |               |
| Profit For The Year Before Tax                                           | 102,298                        | 224,500        | 27,621        |
| <b>Adjustment for:</b>                                                   |                                |                |               |
| Depreciation and amortisation                                            | 19,109                         | 17,521         | 14,332        |
| (Reversal)/impairment losses on property, plant and equipment            | (188)                          | 523            | 26            |
| (Reversal of)/impairment losses on trade receivables                     | (1,050)                        | 1,197          | (180)         |
| (Reversal of)/impairment losses on loans                                 | (58)                           | 48             | (4)           |
| Impairment losses on other financial assets at amortised costs           | —                              | —              | 5             |
| Net change in fair value of operating derivatives                        | —                              | (76,444)       | —             |
| Revaluation of financial assets at FVTPL                                 | —                              | —              | (1,185)       |
| Net gain on sale of property, plant and equipment and intangible assets  | —                              | (56)           | (532)         |
| Gain on bargain purchase                                                 | (4,037)                        | (10,843)       | (1,205)       |
| Net interest expense                                                     | 8,345                          | 8,340          | 5,341         |
| Unrealised foreign exchange (gain)/loss                                  | (753)                          | 598            | (1,395)       |
| <b>Operating profit before changes in working capital and provisions</b> | <b>123,666</b>                 | <b>165,384</b> | <b>42,824</b> |
| Decrease/(increase) in contract assets                                   | (625)                          | 54             | 676           |
| Decrease/(increase) in inventories                                       | 13,730                         | (42,783)       | 4,859         |
| (Increase)/decrease in trade receivables and other assets                | 4,796                          | (40,207)       | (35,677)      |





|                                                                                                 | For the year ended 31 December |                 |                |
|-------------------------------------------------------------------------------------------------|--------------------------------|-----------------|----------------|
|                                                                                                 | 2023                           | 2022            | 2021           |
|                                                                                                 | (in € thousand)                |                 |                |
| (Increase)/decrease in restricted deposits related to operating activities                      | 7,439                          | (11,934)        | (813)          |
| Increase/(decrease) in trade payables and other liabilities                                     | (12,617)                       | (54)            | 20,843         |
| Increase/(decrease) in contract liabilities                                                     | 6,405                          | 4,668           | 822            |
| Increase/(decrease) in provisions and employee cost                                             | 4,432                          | 1,388           | 13             |
| (Increase)/decrease in green certificates                                                       | 1,227                          | 702             | —              |
| Proceeds from operating derivatives                                                             | (654)                          | 77,098          | —              |
| <b>Cash generated from operating activities</b>                                                 | <b>147,799</b>                 | <b>154,316</b>  | <b>33,547</b>  |
| Interest paid                                                                                   | (6,921)                        | (9,474)         | (2,412)        |
| Income tax paid                                                                                 | (22,680)                       | (40,253)        | (5,287)        |
| <b>Net cash generated from operating activities</b>                                             | <b>118,198</b>                 | <b>104,589</b>  | <b>25,848</b>  |
| <b>Cash flows from investing activities</b>                                                     |                                |                 |                |
| Proceeds from sale of property, plant and equipment                                             | 3,161                          | 2,341           | 1,401          |
| Proceeds from other financial assets                                                            | 64                             | —               | —              |
| Loans provided                                                                                  | (3,313)                        | (23,420)        | (200)          |
| Loans repaid                                                                                    | 3,143                          | 21,061          | 7,127          |
| Interest received                                                                               | 166                            | 651             | 74             |
| Acquisition of subsidiary, net of cash acquired                                                 | (9,232)                        | (11,632)        | (283)          |
| Acquisition of investments in associates                                                        | (199)                          | —               | —              |
| Acquisitions of intangible assets                                                               | (1,542)                        | (1,360)         | (637)          |
| Acquisitions of property, plant and equipment                                                   | (56,365)                       | (34,761)        | (16,777)       |
| <b>Net cash used in investing activities</b>                                                    | <b>(64,117)</b>                | <b>(47,120)</b> | <b>(9,295)</b> |
| <b>Cash flows from financing activities</b>                                                     |                                |                 |                |
| Issue of new shares                                                                             | —                              | —               | 99             |
| Contribution to share premium                                                                   | —                              | —               | 3,807          |
| Acquisition of subsidiary – Common control transactions                                         | —                              | —               | (83,236)       |
| Transactions with NCI without change in control – payment for increase of shareholding interest | (7)                            | 3,754           | —              |
| Capital contributions from NCI to equity of subsidiaries                                        | 1,289                          | —               | —              |
| Proceeds from interest-bearing loans and borrowings                                             | 94,941                         | 227,593         | 207,835        |
| Repayments of interest-bearing loans and borrowings                                             | (86,870)                       | (248,695)       | (135,980)      |
| Bonds repaid                                                                                    | (2,022)                        | —               | —              |
| Change in restricted deposits related to financing activities                                   | —                              | 106             | (106)          |
| Payment of lease liabilities                                                                    | (720)                          | (412)           | (586)          |
| Dividends paid                                                                                  | (28,748)                       | (3,087)         | (350)          |
| <b>Net cash used in financing activities</b>                                                    | <b>(22,137)</b>                | <b>(20,741)</b> | <b>(8,517)</b> |
| <b>Net movement in cash and cash equivalents</b>                                                | <b>31,944</b>                  | <b>36,728</b>   | <b>8,036</b>   |
| <b>At the beginning of the year</b>                                                             | <b>48,657</b>                  | <b>12,176</b>   | <b>3,991</b>   |
| Effects of movements in exchange rates on cash held                                             | 671                            | (247)           | 149            |
| <b>At the end of the year</b>                                                                   | <b>81,272</b>                  | <b>48,657</b>   | <b>12,176</b>  |
| Cash and cash equivalents in the statement of cash flows are defined by:                        |                                |                 |                |
| Cash and cash equivalents in the statement of financial position                                | 81,272                         | 48,657          | 19,783         |
| Bank Overdraft                                                                                  | —                              | —               | (7,607)        |
| <b>At the end of the year</b>                                                                   | <b>81,272</b>                  | <b>48,657</b>   | <b>12,176</b>  |

#### Non-IFRS Measures:

The section below sets out selected financial information and other APMs which are not included in the Audited Special Purpose Consolidated Financial Statements. The Group presents these non-IFRS measures because it believes they enhance an investor's understanding of the Group's financial performance. The Group also uses the non-IFRS measures disclosed in this Prospectus in the Group's business operations to, among other things, evaluate the performance of operations, develop budgets and measure performance against those budgets. The Company also believes that these non-IFRS measures are commonly reported by comparable businesses and used by investors to compare the performance of businesses.

#### Profit from operations, Adjusted EBITDA, Normalized EBITDA and Pro-Forma Normalized EBITDA

The Group defines Adjusted EBITDA as Profit from Operations, plus depreciation and amortization, minus gain on bargain purchase. The Group defines Profit from Operations as revenues plus other operating income, gain on bargain purchase, less cost of electricity gas and transportation, raw materials and consumables used, depreciation and amortization, services and material expenses, personnel expenses, impairment from loans and other receivables and other operating expenses. The Group defines Normalized EBITDA as Adjusted EBITDA adding positive/(negative) tariff adjustments and positive/(negative) energy



unbilled adjustments, both coming from the Group's operations in Moldova. For the purposes of this Prospectus, the Group also presents Pro-Forma Normalized EBITDA which is defined as Normalized EBITDA plus CEZ Vanzare's EBITDA derived from the Unaudited Pro-Forma Financial Information.

The below table shows a reconciliation of the Group's Profit from Operations, Adjusted EBITDA and Normalized EBITDA to revenues for each of 2023, 2021 and 2021, as well as Pro-Forma Normalized EBITDA for 2023:

|                                                           | For the year ended 31 December |                  |                |
|-----------------------------------------------------------|--------------------------------|------------------|----------------|
|                                                           | 2023                           | 2022             | 2021           |
|                                                           |                                | (€ thousand)     |                |
| <b>Revenues</b> .....                                     | <b>911,975</b>                 | <b>1,096,170</b> | <b>401,680</b> |
| + Other Operating income .....                            | 34,838                         | 23,076           | 2,908          |
| + Gain on bargain purchase .....                          | 4,037                          | 10,843           | 1,205          |
| - Cost of electricity, gas and transportation .....       | (738,602)                      | (811,219)        | (312,045)      |
| - Raw materials and consumables used .....                | (4,847)                        | (3,775)          | (1,699)        |
| - Depreciation and amortisation .....                     | (19,109)                       | (17,521)         | (14,332)       |
| - Services and material expenses .....                    | (46,021)                       | (36,559)         | (26,658)       |
| - Personnel expenses .....                                | (28,761)                       | (22,760)         | (17,765)       |
| - Other operating expenses .....                          | (1,960)                        | (2,497)          | (602)          |
| - Reversal of/(impairment) on loans and receivables ..... | 1,108                          | (1,245)          | 179            |
| = <b>Profit/loss from operations</b> .....                | <b>112,658</b>                 | <b>234,513</b>   | <b>32,871</b>  |
| + Depreciation and amortization .....                     | 19,109                         | 17,521           | 14,332         |
| + Gain on bargain purchase .....                          | 4,037                          | 10,843           | 1,205          |
| = <b>Adjusted EBITDA</b> .....                            | <b>127,730</b>                 | <b>241,191</b>   | <b>45,998</b>  |
| + Tariff Adjustment Impact .....                          | (47,938)                       | 13,278           | 23,010         |
| + Impact of Energy Supplied but Unbilled .....            | 9,940                          | (12,593)         | 1,127          |
| = <b>Normalized EBITDA</b> .....                          | <b>89,732</b>                  | <b>241,876</b>   | <b>70,135</b>  |
| + CEZ Vanzare Pro Forma EBITDA <sup>(1)</sup> .....       | 12,861                         | —                | —              |
| = <b>Pro forma Normalized EBITDA</b> .....                | <b>102,593</b>                 | —                | —              |

<sup>(1)</sup> CEZ Vanzare Pro Forma EBITDA is derived based on the standalone unaudited CEZ Vanzare income statement line items for the year ended 31 December 2023 included in the Unaudited Pro Forma Financial Information section. CEZ Vanzare Pro Forma EBITDA is the sum of CEZ Vanzare Profit before tax, Finance expense and Depreciation and amortization. The table below shows the reconciliation of CEZ Vanzare Pro Forma EBITA for 2023 from CEZ Vanzare's revenues:

|                                                      | For the year ended 31 December |                |
|------------------------------------------------------|--------------------------------|----------------|
|                                                      | 2023                           |                |
|                                                      | (in € thousand)                |                |
| <b>Revenues</b> .....                                |                                | <b>384,519</b> |
| Other operating income .....                         |                                | 219,877        |
| Cost of electricity, gas and transportation .....    |                                | (564,313)      |
| Raw materials and consumables used .....             |                                | —              |
| Services and material expenses .....                 |                                | (21,330)       |
| Personnel expenses .....                             |                                | (7,061)        |
| Other operating expenses .....                       |                                | —              |
| Reversal (impairment) on loans and receivables ..... |                                | 1,169          |
| <b>CEZ Vanzare EBITDA</b> .....                      |                                | <b>12,861</b>  |

#### Total Financial Debt, Net Debt, Adjusted Net Debt, Net Working Capital, Adjusted Net Leverage, Normalized Net Leverage and Pro Forma Normalized Net Leverage

|                                                               | As at 31 December |                 |                |
|---------------------------------------------------------------|-------------------|-----------------|----------------|
|                                                               | 2023              | 2022            | 2021           |
|                                                               |                   | (in € thousand) |                |
| <b>Total Financial Debt</b> <sup>(1)</sup> .....              | <b>154,793</b>    | <b>147,007</b>  | <b>137,691</b> |
| Cash and cash equivalents .....                               | 81,272            | 48,657          | 19,783         |
| <b>Net Debt</b> <sup>(2)</sup> .....                          | <b>73,521</b>     | <b>98,350</b>   | <b>117,908</b> |
| <b>Net Working Capital</b> <sup>(3)</sup> .....               | <b>78,953</b>     | <b>98,967</b>   | <b>24,692</b>  |
| <b>Adjusted Net Debt</b> <sup>(4)</sup> .....                 | <b>(5,432)</b>    | <b>(617)</b>    | <b>93,216</b>  |
| <b>Adjusted Net Leverage</b> <sup>(5)</sup> .....             | <b>-0.04x</b>     | <b>-0.00x</b>   | <b>2.03x</b>   |
| <b>Normalized Net Leverage</b> <sup>(6)</sup> .....           | <b>-0.06x</b>     | <b>0.00x</b>    | <b>1.33x</b>   |
| <b>Pro-forma Normalized Net Leverage</b> <sup>(7)</sup> ..... | <b>-0.05x</b>     | —               | —              |

<sup>(1)</sup> Total Financial Debt is the sum of non-current liabilities due to banks and other financial institutions, plus current liabilities comprising of bank overdrafts, current liabilities due to non banks, current liabilities due to banks and other financial institutions and current liabilities, bonds and notes issued. The table below shows the reconciliation of Total Financial Debt for the periods indicated:





|                                                       | As at 31 December |                |                |
|-------------------------------------------------------|-------------------|----------------|----------------|
|                                                       | 2023              | 2022           | 2021           |
|                                                       | (in € thousand)   |                |                |
| <b>Non-current liabilities</b>                        |                   |                |                |
| Due to banks and other financial institutions .....   | 100,379           | 91,143         | 81,759         |
| <b>Current Liabilities</b>                            |                   |                |                |
| + Bank overdrafts .....                               | —                 | —              | 7,607          |
| + Due to non-banks .....                              | 1,318             | 3,965          | 1,736          |
| + Due to banks and other financial institutions ..... | 53,096            | 49,879         | 46,589         |
| + Bonds and Notes Issues .....                        | —                 | 2,020          | —              |
| <b>Total Financial Debt</b> .....                     | <b>154,793</b>    | <b>147,007</b> | <b>137,691</b> |

(12) Net Debt is calculated as Total Financial Debt less cash and cash equivalents.

(13) Net Working Capital is calculated as the sum of trade receivables plus inventories plus other current assets (excluding cash and equivalents, loan receivable) minus trade payables minus other current liabilities (excluding short term debt). The table below shows a reconciliation of Net Working Capital for the periods indicated:

|                                   | As at 31 December |               |               |
|-----------------------------------|-------------------|---------------|---------------|
|                                   | 2023              | 2022          | 2021          |
|                                   | (in € thousand)   |               |               |
| + Trade receivables .....         | 87,240            | 108,520       | 73,954        |
| + Inventories .....               | 35,424            | 49,132        | 6,344         |
| + Other current assets .....      | 55,925            | 51,187        | 19,260        |
| - Trade payables .....            | (46,740)          | (18,434)      | (21,303)      |
| - Other current liabilities ..... | (52,896)          | (91,438)      | (53,563)      |
| <b>Net Working Capital</b> .....  | <b>78,953</b>     | <b>98,967</b> | <b>24,692</b> |

(14) Adjusted Net Debt is calculated as Net Debt less Net Working Capital.

(15) Adjusted Net Leverage is calculated by dividing Adjusted Net Debt by Adjusted EBITDA.

(16) Normalized Net Leverage is calculated by dividing Adjusted Net Debt by Normalized EBITDA.

(17) Pro-forma Normalized Net Leverage is calculated by dividing Adjusted Net Debt by Pro forma Normalized EBITDA.

### Operating KPIs

|                                                      | Financial Year Ended 31 December |         |         |
|------------------------------------------------------|----------------------------------|---------|---------|
|                                                      | 2023                             | 2022    | 2021    |
| Natural Gas Concessions <sup>(1)</sup> .....         | 116                              | 111     | 90      |
| Distribution consumption points <sup>(2)</sup> ..... |                                  |         |         |
| Romania (natural gas) .....                          | 153,060                          | 137,557 | 119,498 |
| Moldova (electricity) .....                          | 947,615                          | 939,411 | 931,224 |
| Number of customers (supply) <sup>(3)</sup> .....    |                                  |         |         |
| Romania (renewable electricity) .....                | 120                              | 70      | 0       |
| Romania (natural gas) .....                          | 114,363                          | 104,870 | 98,523  |
| Moldova (electricity) .....                          | 843,211                          | 835,587 | 829,683 |
| Volumes supplied (in TWh) <sup>(4)</sup> .....       |                                  |         |         |
| Romania (renewable electricity) .....                | 1.1                              | 0.7     | 0       |
| Romania (natural gas) .....                          | 6.1                              | 6.5     | 7.1     |
| Moldova Electricity .....                            | 2.9                              | 3.0     | 2.7     |

(1) Number of concession and license agreements refers to the number valid at the end of each year in the observed period.

(2) Number of distribution consumption points refers to the number of consumption points connected to the Group's distribution network at the end of each year. Each consumption point has its unique individual code.

(3) Number of customers refers to the number of customers to whom the gas or electricity is supplied at the end of each year. Each customer has its unique individual code. Each customer can have one or more consumption points.

(4) Volumes supplied refers to the total amount of electricity and gas invoiced to the customers during the respective years. Volumes are invoiced based on meter readings or using the estimation method in accordance with the legislation in case the meters cannot be read reliably.

### Regulated revenues

Regulated revenues for both Moldovan and Romanian distribution business and Moldovan supply business are determined by tariffs approved by the relevant ANRE.

The regulated revenue is calculated by the relevant ANRE based on the regulated return (a pre-tax WACC) applied on RAB for each of the Group's regulated activity. Target revenue for each upcoming year is set by multiplying the pre-tax WACC set for that year by the value of RAB plus its operating and maintenance costs, allowance for technological consumption (electricity and gas required to operate the Group's network), and regulatory depreciation of the RAB.



## Moldova

The table below presents the composition of regulated revenue from the Group's electricity distribution business in Moldova for the periods indicated:

|                               | Financial Year ended 31 December |      |      |
|-------------------------------|----------------------------------|------|------|
|                               | 2023                             | 2022 | 2021 |
|                               | (in %)                           |      |      |
| Regulated return on RAB.....  | 33%                              | 31%  | 32%  |
| RAB depreciation.....         | 22%                              | 24%  | 24%  |
| Total operating expenses..... | 45%                              | 45%  | 44%  |

Regulated return on RAB is influenced by pre-tax WACC valid for the individual periods and by size of the RAB. The largest cost component of Premier Energy Moldova's distribution was total operating expenses followed by costs incurred to cover network electricity losses and depreciation of RAB. Total operating expenses comprised predominantly costs of the network maintenance, costs related to electricity metering and general and administrative expenses.

The table below presents the composition of regulated revenue from the Group's electricity supply business in Moldova for the periods indicated:

|                                       | Financial Year ended 31 December |      |      |
|---------------------------------------|----------------------------------|------|------|
|                                       | 2023                             | 2022 | 2021 |
|                                       | (in %)                           |      |      |
| Cost of energy purchased .....        | 67%                              | 73%  | 70%  |
| Transmission costs .....              | 7%                               | 6%   | 10%  |
| Distribution costs .....              | 19%                              | 16%  | 22%  |
| Supply operating expenses .....       | 2%                               | 2%   | 2%   |
| Tariff deviation from year n-1 .....  | 4%                               | 2%   | (5%) |
| Regulated return supply activity..... | 1%                               | 1%   | 1%   |

The largest cost component of Premier Energy Moldova's supply were costs of electricity purchased followed by intra group distributions costs paid to Premier Energy Moldova distribution company and transmission costs paid to TSO. Operating expenses incurred by supply company contributed to the regulated supply revenues by 2-3%. In 2021, regulated return on supply activity was at the level of 1% of total calculated costs. Tariff deviations from year n-1 contributed negatively to the regulated supply revenues as a result of past overcharging to end-customers.

## Romania

The table below presents the composition of the regulated revenue from the Group's gas distribution in Romania for the periods indicated:

|                                          | Financial Year ended 31 December |      |      |
|------------------------------------------|----------------------------------|------|------|
|                                          | 2023                             | 2022 | 2021 |
|                                          | (in %)                           |      |      |
| RAB depreciation.....                    | 21%                              | 18%  | 16%  |
| Controllable operating expenses.....     | 57%                              | 62%  | 63%  |
| Non-Controllable operating expenses..... | 3%                               | 3%   | 3%   |
| Regulated return on RAB .....            | 19%                              | 17%  | 18%  |

The largest cost component of Premier Energy Romania's supply were costs of gas purchased followed by intra group distributions costs.

### Regulated asset base (RAB)

RAB is one of the key revenues and pre-tax profit determinants for both the Romanian and Moldovan distribution businesses. The Group incurs capital expenditures in long-term fixed assets that are capitalized to RAB upon the project's completion and putting into operation as well as ANRE's approval.

In implementing its investment plan, Management intends to fulfil the following criteria:

- An investment must be consistent with the Group's strategy and in particular with Management's objective to maintain a strong regulated company profile.



- The proposed investment project is allowed under the legal regime in which the Group conducts its business and the benefits of the investment are technically confirmed.
- Including in RAB the regulated investments in view of their remuneration by applying the regulated rate of return in accordance with the methodology for establishment of the tariffs for the electricity and gas distribution service.
- Investments in the Group's non-regulated business must deliver a forecasted internal rate of return that exceeds its weighted average cost of capital.
- The proposed investment will be consistent with the Group's financial strategy to maintain a financially healthy capital structure.
- The Company may also consider acquisition opportunities in the future that are consistent with its core business, strategy and risk return profile, in accordance with applicable law.

#### Moldova

The tables below present overall RAB development and its composition of the key distribution assets in Moldova as well as an extension of RAB base in Moldova (these figures are derived from the Group's regulatory accounting (maintained in USD in the case of Moldova) and may deviate from capital expenditures set out in the Group's Audited Special Purpose Consolidated Financial Statements).

|                                                                       | As at 31 December              |                     |       |
|-----------------------------------------------------------------------|--------------------------------|---------------------|-------|
|                                                                       | 2023                           | 2022                | 2021  |
| <b>Moldova – RAB</b>                                                  |                                |                     |       |
| RAB value (in USD mil.).....                                          | 197.0                          | 196.4               | 193.8 |
| RAB value (in € mil.).....                                            | 182.2                          | 186.6               | 163.8 |
|                                                                       |                                |                     |       |
|                                                                       | For the year ended 31 December |                     |       |
|                                                                       | 2023                           | 2022                | 2021  |
| <b>Moldova Electricity – Capital Expenditures</b> .....               | 25.7                           | (£ million)<br>17.4 | 13.7  |
| of which:                                                             |                                |                     |       |
| Investment into electricity distribution network <sup>(1)</sup> ..... | 19.1                           | 17.4                | 13.7  |
| Investment into renewable energy generation.....                      | 6.6                            |                     |       |

<sup>(1)</sup> comprises amounts recognized in RAB for each year as well as work in progress/invoiced amounts, which are both recognized as capital expenditures in the Group's Audited Special Purpose Consolidated Financial Statements, but which will be recognized in RAB once the projects are "put in function" (approved by the Moldovan regulator).

Common repair and maintenance costs are charged directly to the profit and loss according to accounting rules. Expansion investments are based on plans approved by the Moldovan ANRE for a period of 3 years and are being updated annually.

The costs of self-constructed assets include the following:

- cost of material and direct labour;
- any other costs directly spent to get the assets in working condition enabling their intended use;
- costs stemming from obligation to remove the asset or restore the site (costs of dismantling and removing the assets and recultivating the site on which they were located);
- capitalized borrowing costs; and
- capitalized personnel costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a RAB qualifying asset are included in the cost of that asset. The amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditure incurred.



## Romania

The tables below present overall RAB development and its composition of the key distribution assets in Romania as well as an extension of RAB base in Romania for the indicated periods. These figures are derived from the Group's regulatory accounting (maintained in RON in the case of Romania) and may deviate from capital expenditures set out in the Group's Audited Special Purpose Consolidated Financial Statements.

|                                                                 | As at 31 December |                |       |
|-----------------------------------------------------------------|-------------------|----------------|-------|
|                                                                 | 2023              | 2022           | 2021  |
| <b>Romania – RAB</b>                                            |                   |                |       |
| RAB value (in € millions) .....                                 | 75.0              | 58.6           | 41.0  |
| RAB value (in RON millions).....                                | 373.3             | 289.9          | 202.9 |
| of which:                                                       |                   |                |       |
| Steel distribution pipes (in RON millions) .....                | 27                | 28             | 26    |
| Polyethylene distribution pipes (in RON millions) .....         | 315               | 236            | 160   |
| <b>For the year ended 31 December</b>                           |                   |                |       |
|                                                                 | 2023              | 2022           | 2021  |
|                                                                 |                   | (in € million) |       |
| Romania – Natural Gas Capital Expenditures <sup>(1)</sup> ..... | 21.2              | 18.7           | 4.0   |

<sup>(1)</sup> comprises amounts recognized in RAB for each year as well as work in progress invoiced amounts, which are both recognized as capital expenditures in the Group's Audited Special Purpose Consolidated Financial Statements, but which will be recognized in RAB once the projects are "put in function" (approved by the Romanian regulator).





## II. MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*Investors should read the following discussion of the Group's financial condition and results of operations together with the Audited Special Purpose Consolidated Financial Statements and the notes thereto included elsewhere in this Prospectus. The following discussion should also be read in conjunction with "Presentation of Financial and Other Data" and "Selected Financial and Other Information". The information contained in the discussion set forth below and elsewhere in this Prospectus includes forward-looking statements that involve risks and uncertainties. See "CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS" and "RISK FACTORS" for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in this Prospectus. Investors should read the whole of this Prospectus and not just rely upon summarized information.*

*Unless otherwise stated, the following discussion is based on the Audited Special Purpose Consolidated Financial Statements.*

### **Overview of the Group**

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in SEE. The Group has over 1,000 MW of renewable electricity generation capacity under ownership, management or in development in Romania and Moldova along with one of the fastest growing renewable electricity supply businesses in Romania and Moldova. In Romania, the Group is the third largest natural gas distributor with over 150,000 consumption points. Furthermore, the Group is the largest electricity distributor and the largest electricity supplier in Moldova with approximately 950,000 connection points and more than 840,000 supply clients, serving approximately 70% of the Moldovan population. Together with the signed and announced acquisition of CEZ Vanzare in Romania in December 2023, completed with effect from 15 April 2024, the Group is serving a combined number of approximately 2.4 million gas and electricity supply consumption points in Romania and Moldova, the vast majority of which are households and small businesses. The Group's business strategy is aligned with the UN Sustainable Development Goals with a focus on Europe's Green Deal initiatives representing EU's proposals to make climate, energy, transport and taxation policies appropriate for reducing net greenhouse emissions by at least 55% by 2030 with clear ESG guidelines and policies in place.

In the year ended 31 December 2023, the Group generated consolidated revenues of €912 million, net profit of €79 million and Normalized EBITDA of €90 million.

### ***Renewable electricity generation and supply***

The Group started its renewables business in Romania in 2022 and has since expanded its operations through numerous acquisitions and developments (for more information on recent acquisitions, see "*Recent acquisitions*"). In the year ended 31 December 2023, the Group generated revenues of €186 million, Profit after tax of €26 million and Adjusted EBITDA of €41 million from its renewables operations in Romania.

### ***Natural gas distribution and supply in Romania***

In Romania, the Group engages in the distribution and supply of natural gas, together with the maintenance and construction of natural gas distribution network connections and user installations. The Group distributes natural gas to both household and non-household clients, while the supply activity is focused on clients in its concession network as well as on industrial and wholesale clients outside its concession network. As at 31 December 2023, the Group distributed and supplied gas to over 150,000 consumption points in Romania. In the year ended 31 December 2023, the Group generated revenues of €306 million, Profit after tax of €6 million and Adjusted EBITDA of €15 million from its natural gas operations in Romania.

### ***Electricity distribution, supply and renewable generation in the Republic of Moldova***

The Group is the largest distributor and supplier of electricity in the Republic of Moldova. Premier Energy Distribution S.A. is one of the two distributors of electricity in the Republic of Moldova (right bank) and handles a distribution network that spans approximately 35,742 km across two thirds of the Republic of Moldova's territory, including the capital city of Chisinau. In 2023, the Group served approximately 950,000 connection points in 16 Moldovan districts including the capital city of Chisinau. The Group's





renewable business in Moldova had 87 MW of renewable electricity generation under ownership or management as of 31 December 2023. In the year ended 31 December 2023, the Group generated revenues of €420 million, Profit after tax of €55 million, Adjusted EBITDA of €75 million and Normalized EBITDA of €37 million from its electricity operations in Moldova.

### Scope of Consolidation and Segment Reporting

The Group operates in Romania, Moldova, Hungary, Serbia and Cyprus. Romanian of the Group entities operate in renewable energy generation, management, and supply as well as in the distribution and supply of natural gas. Moldovan entities of the Group operate in distribution and supply of electricity, as well as in renewable energy generation, management and supply. The Group also operates an energy supply business in Hungary and Serbia. The Group's entities operating within the reporting segment Corporate are primarily based in Cyprus and are intended solely for management of the Group, and the Group's financing and investing activities. See also "Business – Group structure".

As of the date of this Prospectus, the Group reports four operating segments based on geographical segmentation and revenue streams, as follows:

- (1) Romania Renewable Energy;
- (2) Natural Gas;
- (3) Moldova Electricity; and
- (4) Corporate.

The following tables provide the information about the Group's reportable segments for the periods indicated:

| 2023                                                                        | Romania<br>Renewable<br>Energy | Natural Gas | Moldova<br>Electricity<br><i>(in € thousand)</i> | Corporate | Total     |
|-----------------------------------------------------------------------------|--------------------------------|-------------|--------------------------------------------------|-----------|-----------|
| Revenues .....                                                              | 186,237                        | 306,081     | 419,657                                          | –         | 911,975   |
| Profit/(Loss) from operations .....                                         | 41,125                         | 10,255      | 64,738                                           | (3,460)   | 112,658   |
| Out of which material non-cash items:                                       |                                |             |                                                  |           |           |
| Gain on bargain purchase .....                                              | 4,037                          | –           | –                                                | –         | 4,037     |
| Depreciation and amortisation .....                                         | (4,024)                        | (4,726)     | (10,359)                                         | –         | (19,109)  |
| Impairment losses on loans and<br>receivables .....                         | (15)                           | 1,024       | 41                                               | 58        | 1,108     |
| Impairment losses on property, plant and<br>equipment and intangibles ..... | –                              | 177         | 11                                               | –         | 188       |
| Change in fair value of derivatives .....                                   | –                              | –           | –                                                | –         | –         |
| Profit/(Loss) before tax .....                                              | 39,413                         | 8,671       | 63,215                                           | (9,001)   | 102,298   |
| Out of which:                                                               |                                |             |                                                  |           |           |
| Interest income .....                                                       | 988                            | 319         | 739                                              | 277       | 2,323     |
| Interest expense .....                                                      | (2,699)                        | (945)       | (1,206)                                          | (5,818)   | (10,668)  |
| Profit/(loss) after tax .....                                               | 26,434                         | 6,224       | 55,305                                           | (9,001)   | 78,962    |
| Income tax .....                                                            | (12,979)                       | (2,447)     | (7,910)                                          | –         | (23,336)  |
| Assets .....                                                                | 156,293                        | 275,286     | 286,720                                          | 12,541    | 730,840   |
| Liabilities .....                                                           | (63,125)                       | (94,261)    | (83,092)                                         | (85,377)  | (325,855) |
| Capital expenditure* .....                                                  | 12,604                         | 21,159      | 25,718                                           | –         | 59,481    |
| Adjusted EBITDA .....                                                       | 41,112                         | 14,981      | 75,097                                           | (3,460)   | 127,730   |
| Normalized EBITDA .....                                                     | 41,112                         | 14,981      | 37,099                                           | (3,460)   | 89,732    |

\* Capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB in Romania). Approximately €19.1 million of the capital expenditure within the Moldova Electricity segment was invested into the electricity distribution network (and will become part of RAB in Moldova) while approximately €6.6 million of the capital expenditure within the Moldova Electricity segment was an investment into new renewable energy generation assets in Moldova.



|                                                                    | Romania<br>Renewable<br>Energy | Natural Gas     | Moldova<br>Electricity<br>(in € thousand) | Corporate       | Total            |
|--------------------------------------------------------------------|--------------------------------|-----------------|-------------------------------------------|-----------------|------------------|
| <b>Revenues</b>                                                    | <b>148,910</b>                 | <b>576,060</b>  | <b>371,200</b>                            | <b>–</b>        | <b>1,096,170</b> |
| <b>Profit/(Loss) from operations</b>                               | <b>62,962</b>                  | <b>150,228</b>  | <b>22,961</b>                             | <b>(1,638)</b>  | <b>234,513</b>   |
| <i>Out of which material non-cash items:</i>                       |                                |                 |                                           |                 |                  |
| Gain on bargain purchase                                           | 10,843                         | –               | –                                         | –               | 10,843           |
| Depreciation and amortisation                                      | (2,753)                        | (4,920)         | (9,848)                                   | –               | (17,521)         |
| Impairment losses on loans and receivables                         | –                              | (1,078)         | (119)                                     | (48)            | (1,245)          |
| Impairment losses on property, plant and equipment and intangibles | –                              | (509)           | (14)                                      | –               | (523)            |
| Change in fair value of derivatives                                | –                              | 76,444          | –                                         | –               | 76,444           |
| <b>Profit/(Loss) before tax</b>                                    | <b>61,431</b>                  | <b>148,040</b>  | <b>19,741</b>                             | <b>(4,712)</b>  | <b>224,500</b>   |
| <i>Out of which:</i>                                               |                                |                 |                                           |                 |                  |
| Interest income                                                    | 502                            | 340             | 201                                       | 113             | 1,156            |
| Interest expense                                                   | (1,866)                        | (1,152)         | (2,373)                                   | (4,105)         | (9,496)          |
| <b>Profit/(loss) after tax</b>                                     | <b>46,909</b>                  | <b>124,163</b>  | <b>16,913</b>                             | <b>(4,741)</b>  | <b>183,244</b>   |
| Income tax                                                         | (14,522)                       | (23,877)        | (2,828)                                   | (29)            | (41,256)         |
| <b>Assets</b>                                                      | <b>123,909</b>                 | <b>256,609</b>  | <b>251,300</b>                            | <b>2,056</b>    | <b>633,874</b>   |
| <b>Liabilities</b>                                                 | <b>(46,885)</b>                | <b>(80,060)</b> | <b>(97,599)</b>                           | <b>(74,415)</b> | <b>(298,959)</b> |
| <b>Capital expenditure*</b>                                        | <b>609</b>                     | <b>18,662</b>   | <b>17,357</b>                             | <b>–</b>        | <b>36,628</b>    |
| <b>Adjusted EBITDA</b>                                             | <b>54,872</b>                  | <b>155,148</b>  | <b>32,809</b>                             | <b>(1,638)</b>  | <b>241,191</b>   |
| <b>Normalized EBITDA</b>                                           | <b>54,872</b>                  | <b>155,148</b>  | <b>33,494</b>                             | <b>(1,638)</b>  | <b>241,876</b>   |

\* Capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB in Romania). Capital expenditure within the Moldova Electricity segment represents predominantly investments into the electricity distribution network (will become part of RAB in Moldova).

#### 2021

|                                                                    | Natural Gas     | Moldova<br>Electricity<br>(in € thousand) | Corporate       | Total            |
|--------------------------------------------------------------------|-----------------|-------------------------------------------|-----------------|------------------|
| <b>Revenues</b>                                                    | <b>209,933</b>  | <b>191,747</b>                            | <b>–</b>        | <b>401,680</b>   |
| <b>Profit/(Loss) from operations</b>                               | <b>38,276</b>   | <b>(4,519)</b>                            | <b>(886)</b>    | <b>32,871</b>    |
| <i>Out of which material non-cash items:</i>                       |                 |                                           |                 |                  |
| Gain on bargain purchase                                           | 1,205           | –                                         | –               | 1,205            |
| Depreciation and amortisation                                      | (5,332)         | (9,000)                                   | –               | (14,332)         |
| Reversal of impairment losses on loans and receivables             | 57              | 118                                       | 4               | 179              |
| Impairment losses on property, plant and equipment and intangibles | (26)            | –                                         | –               | (26)             |
| <b>Profit/(Loss) before tax</b>                                    | <b>36,479</b>   | <b>(4,925)</b>                            | <b>(3,933)</b>  | <b>27,621</b>    |
| <i>Out of which:</i>                                               |                 |                                           |                 |                  |
| Interest income                                                    | 3               | 41                                        | 62              | 106              |
| Interest expense                                                   | (1,767)         | (786)                                     | (2,894)         | (5,447)          |
| <b>Profit/(loss) after tax</b>                                     | <b>30,850</b>   | <b>(4,605)</b>                            | <b>(3,933)</b>  | <b>22,312</b>    |
| Income tax                                                         | (5,629)         | 320                                       | –               | (5,309)          |
| <b>Assets</b>                                                      | <b>177,208</b>  | <b>212,120</b>                            | <b>3,798</b>    | <b>393,126</b>   |
| <b>Liabilities</b>                                                 | <b>(85,417)</b> | <b>(71,600)</b>                           | <b>(84,047)</b> | <b>(241,064)</b> |
| <b>Capital expenditure*</b>                                        | <b>3,981</b>    | <b>13,651</b>                             | <b>–</b>        | <b>17,632</b>    |
| <b>Adjusted EBITDA</b>                                             | <b>42,403</b>   | <b>4,481</b>                              | <b>(886)</b>    | <b>45,998</b>    |
| <b>Normalized EBITDA</b>                                           | <b>42,403</b>   | <b>28,618</b>                             | <b>(886)</b>    | <b>70,135</b>    |

\* The capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB in Romania) while the capital expenditure within the Moldova Electricity segment represents predominantly investments into the electricity distribution network (and will become part of RAB in Moldova).

The acquisition of CEZ Vanzare (see also "Business – Recent acquisitions – Acquisition of CEZ Vanzare" for further information), completed with effect from 15 April 2024, is not discussed in this section. Section 12 "Unaudited Pro Forma Financial Information" shows pro-forma financial information as of and for the



year ended 31 December 2023, presenting the impact of the acquisition of CEZ Vanzare as if it had occurred with effect from 1 January 2023.



### **Key factors affecting the Group's results of operations**

Management believes that the following factors, drivers and market trends significantly affected the Group's results of operations for the periods covered by the Audited Special Purpose Consolidated Financial Statements, and are expected to do so in future periods.

### ***Regulatory framework for supply and distribution of electricity and gas***

A significant part of the Group's business in both Romania and Moldova is regulated as it pertains to supply and distribution of electricity and gas. As such, the Group's business has been influenced by the policies of the Romanian ANRE and the Moldovan ANRE and other public administrative regulatory bodies, as well as by individual administrative decisions, interpretations and recommendations issued by those bodies in relation to its operations, especially tariffs and regulatory obligations. See "*Industry Overview And Key Trends – Regulatory framework in Romania*", "*Industry Overview And Key Trends – Regulatory framework in Moldova*" and "*RISK FACTORS*" and "*Selected Financial And Operating Information – Non-IFRS Measures: – Regulated asset base (RAB)*" and "*Regulated revenues*".

### ***Gas and electricity supply***

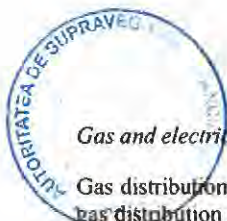
In Romania, supply of electricity and gas, which was previously a regulated activity in the past, has undergone liberalization for both retail and wholesale markets. This liberalization process concluded in 2021. However, following the increase in electricity and gas prices in 2021 and 2022, the Romanian government introduced price caps for final consumers up to 31 March 2025, as follows:

- Retail electricity (cap varies depending on consumption):
  - Below 100 kWh: RON 0.68/kWh (c.EUR 0.14/kWh)
  - 100.01 kWh to 255 kWh: RON 0.8/kWh (c.EUR 0.16/kWh)
  - 255.01 kWh to 300 kWh: RON 1.3/kWh (c.EUR 0.26/kWh)
  - Above 300 kWh: entire consumption at RON 1.3/kWh (c.EUR 0.26/kWh)
- Retail gas: gas is capped at RON 0.31/kWh (c.EUR 0.06/kWh)
- Non-retail (subject to certain exceptions, such as public and private providers of social services):
  - Electricity is capped at RON 1.3/kWh (c.EUR 0.26/kWh)
  - Natural gas is capped at RON 0.37/kWh (c.EUR 0.07/kWh)

Suppliers cannot issue invoices that go above the price cap. However, the rules foresee that suppliers are to be reimbursed from the state budget for differentials (including a margin) between the commodity market price for electricity or gas and the capped regulated price invoiced to consumers, within 30 working days after claiming these reimbursements. In certain circumstances, such payments from the Romanian government may be delayed, resulting in receivables. For example, CEZ Vanzare has accumulated approximately €133 million in government receivables tied to such energy price reimbursements as of 31 December 2023, which the Group expects it will be able to collect in the short- to medium- term following completion of the acquisition.

In Moldova, prices of electricity supplied to eligible customers that are permitted to choose their electricity supplier in the competitive market are set by bilateral contracts between customers and suppliers, whereas tariffs for electricity supplied in the regulated market are approved by the Moldovan ANRE. During the period under review, 100% of the Group's electricity supply revenue in Moldova was generated from the Moldovan regulated market, using Moldovan ANRE approved prices. See tables under "*Gas and electricity distribution*" below for a breakdown of these prices and volumes.





## Gas and electricity distribution

Gas distribution in Romania and electricity distribution in Moldova, and the specific tariffs applicable to gas distribution services in Romania and electricity distribution services in Moldova must be approved by the respective ANRE under a "tariff basket-price-cap" mechanism. The "tariff basket-price-cap" mechanism is intended to reduce revenue fluctuation and avoid significant fluctuation in the price charged to customers for electricity and gas. The tariff model under this mechanism is based on the principle of remuneration in the tariff of justifiable costs incurred by the distribution operator, with the main source of profit for the distribution company being the return on capital employed in its distribution business.

The ANRE in each country sets the required regulated annual revenue for each year of the regulatory period based on projections provided by the distribution operators according to methodology requirements. Annual revenue is established by taking into account the distribution costs and the return of the regulated asset base or "RAB". Distribution costs include operating and maintenance costs relating to the distribution network (such as personnel costs, raw materials and consumables, maintenance and repair, rent, insurance and services provided by third parties); depreciation and amortization calculated from a regulatory standpoint over the RAB; taxes on network assets; the cost of electricity and gas to cover network losses calculated based on the regulated allowance for such losses; and working capital requirements. The ANRE in each country determines the duration of regulatory periods, which are currently five years for both Moldova and Romania, for which the model of calculating operating cost and the principles of determining a reasonable level of network losses applies. Tariffs are typically approved for the period of one calendar year. For details regarding the methodology of calculating the distribution tariffs, see *"Industry Overview And Key Trends – Regulatory framework in Romania"* and *"Industry Overview And Key Trends – Regulatory framework in Moldova"*. As a result, the Group's operating results from its distribution activities are directly tied to the allowed rate of return on the respective RAB (for more information see also *"Selected Financial And Operating Information – Non-IFRS Measures: Regulated revenues"*).

### (1) Romania

In Romania, the Group operates 116 concessions as of 31 December 2023 for which it receives regulated distribution tariffs according to conditions regulated and observed by the Romanian ANRE, and the Group's RAB in Romania amounted to €75 million (RON 373 million) as of 31 December 2023. The majority of the Group's concessions were granted for a 49-year period and are scheduled to expire between 2050 and 2070, with extension options thereafter for an additional period of up to half of the initial period.

The table below presents the regulated tariffs in Romania for 2023, 2022 and 2021:

|                                                   | 2023  | 2022      | 2021  |
|---------------------------------------------------|-------|-----------|-------|
|                                                   |       | RON / MWh |       |
| <i>Romania – gas distribution blended tariffs</i> | 40.82 | 29.57     | 30.09 |

### (2) Moldova

In Moldova, the regulated electricity market includes provisions for so called "last resort" electricity transmission, distribution and supply activities (i.e., operators that are required to onboard and provide services to regulated customers). The contractual relationships on the regulated market are based on tariffs determined and approved based on Moldovan ANRE's specific procedures. The Group's RAB in Moldova was USD 197 million (€182 million) as at 31 December 2023.

The Group is significantly influenced by changes in the Moldovan regulatory targets for calculating tariffs on electricity distribution and supply, including in particular any changes to the permitted "regulated rate of return" or any changes to efficiency targets such as network losses, other operating expenditures and changes to approved capital expenditure plans. For example, the change in the regulated target return on capital with an impact in the distribution and supply tariffs had a negative impact on the Group's profitability of the Group's operations in Moldova as the regulated return in the country decreased from 8.94% in 2020 to 7.84% in 2021. The regulated rate of return applicable for 2022 then increased to 8.30% due to the rising interest rate environment. For 2023, the regulated rate of return was 10.28%. Management believes that the deregulation of the electricity supply market in Moldova will result in increased competition and churn but may also create an opportunity through the expansion of the targetable market for the Group's supply business in Moldova.





The table below presents the regulated tariffs in Moldova for 2023, 2022 and 2021 broken down by voltage levels:

|                                        | 2023      |      |      | 2022      |      |      | 2021      |      |      |
|----------------------------------------|-----------|------|------|-----------|------|------|-----------|------|------|
|                                        | MDL / kWh |      |      | MDL / kWh |      |      | MDL / kWh |      |      |
| <i>Moldova</i>                         | HV        | MV   | LW   | HV        | MV   | LW   | HV        | MV   | LW   |
| Electricity distribution tariffs ..... | 0.03      | 0.21 | 0.70 | 0.02      | 0.17 | 0.53 | 0.02      | 0.13 | 0.41 |
| Electricity supply tariffs .....       | 2.31      | 2.50 | 3.00 | 1.99      | 2.16 | 2.45 | 1.14      | 1.26 | 1.53 |

The table below sets out the average distribution tariffs (calculated as total billed distribution revenues divided by the total distributed electricity in the given year) and average supply tariffs (calculated as total billed supply revenues divided by the total sold electricity in the given year) of the Premier Energy Moldova in the discussed period.

|                                    | 2023      |  |  | 2022      |  |  | 2021      |  |  |
|------------------------------------|-----------|--|--|-----------|--|--|-----------|--|--|
|                                    | MDL / MWh |  |  | MDL / MWh |  |  | MDL / MWh |  |  |
| <i>Moldova</i>                     |           |  |  |           |  |  |           |  |  |
| Average distribution tariffs ..... | 0.55      |  |  | 0.41      |  |  | 0.32      |  |  |
| Average supply tariffs .....       | 2.90      |  |  | 2.36      |  |  | 1.46      |  |  |

In Moldova, the regulated rate of return (pre-tax WACC) applied on the RAB directly impacts the tariffs charged to end-consumers. The pre-tax WACC in Moldova was 10.28% in 2023 (2022: 8.30%; 2021: 7.84%).

At the end of each year, the Moldovan ANRE recalculates the actual tariff for the distribution and supply of electricity using the actual costs and capital expenditure incurred for the respective year and the difference is taken into account (added or deducted) in the tariffs set for the following year. These tariff deviations for any year are generated by the difference between the revenues billed from electricity distributed and supplied at the regulated tariffs approved by Moldovan ANRE for a year and the total costs and returns for the year calculated according to the methodology based on the actual costs and capital expenditure incurred in that year. In accordance with the methodology, an interest equal to the regulated weighted average cost of capital is applied monthly to the accumulated balance of tariff deviations. These tariff differences are to be recovered (under-recoveries) or to be returned (over-recoveries) through future increases or decreases of tariffs, respectively, and are not recognized as assets or liabilities in accordance with IFRS. Accordingly, for the Moldovan business, the Group reports Normalized EBITDA to take into account the impact of the tariff deviations on the Group's statement of profit and loss (2023: EUR 127.7 million Adjusted EBITDA, EUR 89.7 million Normalized EBITDA; 2022: EUR 241.2 million Adjusted EBITDA, EUR 241.9 million Normalized EBITDA; 2021: EUR 46.0 million Adjusted EBITDA, EUR 70.1 million Normalized EBITDA).

For the year ended 31 December 2023, the main factors that caused the "tariff over-recoveries" in the distribution business of Premier Energy Moldova related to (i) income from imbalances mechanism and adjustment of this mechanism related to the initial defined in 2002 and (ii) MDL / USD exchange rate variations. For the year ended 31 December 2023, the main factors that caused the "tariff under-recoveries" in the supply business of Premier Energy Moldova related to (i) lower actual purchase electricity prices in 2023 than expected, (ii) deficits from imbalances mechanism and adjustment of this mechanism related to the initial defined in 2002 (iii) interest calculated to the amount of tariff deviations and (iv) working capital, for the actual year being applied, which is estimated according to methodology and in taking into account for the tariff deviations of the following year, (adjusted with actual interest used in financing the working capital).

For the year ended 31 December 2022, there were no relevant "tariff over-recoveries" in the distribution business of Premier Energy Moldova. For the year ended 31 December 2022, the main factors that caused the "tariff under-recoveries" in the supply business of Premier Energy Moldova related to higher actual purchase electricity prices in 2022 than expected and delay on invoicing of imbalances mechanism implemented in 2022, the data being provisioned in the company data, but in tariff deviations reflected later aligned with invoicing received.

For the year ended 31 December 2021, the main factors that caused the "tariff over-recoveries" in the distribution business of Premier Energy Moldova resulted primarily from (i) higher distributed electricity volumes in 2021 than expected, (ii) the application of 2020 regulated distribution tariff in the period from January 2021 to February 2021, and (iii) certain other factors such as MDL / USD exchange rate variations. For the year ended 31 December 2021, the main factor that caused the "tariff under-recoveries" in the supply





business of Premier Energy Moldova related to higher actual purchase electricity prices in 2021 than expected. For the year ended 31 December 2020, the main factors that caused the "tariff over-recoveries" related to (i) the application of 2019 regulated tariff in the period from January 2020 to August 2020, (ii) the higher electricity quantities supplied in 2020 than expected, (iii) lower actual purchase electricity prices compared to the expected electricity prices and (iv) other factors such as MDL / USD exchange rate variation and investment expenses spent in 2020.

#### ***Macroeconomic environment in Romania and Moldova***

Generally, demand for electricity and gas in Romania and Moldova is closely tied to macroeconomic conditions in the two economies, indirectly affecting the Group's business performance. Both countries have exhibited a steady growth trend in recent years, which is expected to continue in the short to medium term, also impacting demand for and prices of electricity and gas supply and distribution services in Romania and Moldova respectively.

#### ***Romania***

Romania has demonstrated robust economic growth, outpacing the EU-27 average, and this trend is projected to continue despite a declining population. Romania has a stable macroeconomic environment, with a sovereign rating of investment grade and benefits from a skilled, multilingual workforce coupled with low labour and operating costs. Inflation, which peaked in 2022, is forecasted to align with the central bank's target of c.2.5% in the medium to long term (source: *IMF Country Report Romania 2023*). Governance has improved significantly in areas such as political stability, rule of law, and control of corruption over the past decade (source: *World Bank*). Romania's economic backdrop includes a net public debt that is manageable relative to GDP and a decreasing unemployment rate (source: *IMF Country Report Romania 2023*), with a relatively stable exchange rate against the Euro. This economic environment is expected to positively contribute to Romania's demand for electricity and gas.

Romania is well-positioned to benefit from substantial EU funding in the context of decarbonization and further gas and electricity infrastructure development. The country's portion of the EU Recovery and Resilience Plan, supported by €29.2 billion from the EU, aims to finance multiple sectors, including energy transition. Furthermore, Romania is set to receive significant resources from the EU's ETS Modernisation Fund, InvestEU, LIFE Program, and other funds such as the ERDF and Cohesion Fund. Romania's National Gas Transmission System is undergoing a substantial upgrade, with €3.5 billion invested between 2022-2031 to meet the requirements of the European Green Deal on decarbonization. This upgrade includes EU funding for projects aimed at modernizing infrastructure. Overall, schemes available for Romania until 2030 amount to more than €80 billion, with a strong focus on promoting energy transition investments.

In the Romanian gas market, the substitution of coal and wood with natural gas was a key factor stimulating growth of household gas demand in recent years contributing to a consumption compound annual growth rate (CAGR) of 7.3% from 2017 to 2021 with more than 0.9 million new users during that period. 2022 household volumes were substantially affected by the increased energy prices as well as effects of warmer weather, with consumption levels in that year dropping significantly below the 2017-2021 trend. In the same 2017-2021 period, industrial gas saw a CAGR of 2.6% with demand mainly driven by fertilizers and chemical producers. Similarly, 2022 saw a severe decrease in industrial gas volumes due to higher prices. Overall, Romania's total gas consumption saw a moderate CAGR increase of 1.0% from 2017 to 2021, with 2022 levels experiencing a severe decrease due to the factors mentioned above. Going forward, Transgaz's 2022-2031 development plan forecasts an overall decline in gas consumption in the mid to long term, particularly because of the energy sector expected transition to 100% green gases by 2036. Despite this, household gas consumption is expected to rise due to the continued replacement of wood and coal with natural gas, offsetting any expected decreases from improved household thermal insulation.

The electricity demand landscape is marked by stability from 2017 to 2021, though a decline in 2022 was observed due to high prices leading to reduced consumption. Residential electricity demand grew due to increased use of electric appliances (2017-2021 CAGR of +3.1%), while the industrial sector saw a moderate reduction in demand due to slower recovery of energy intensive business (2017-2021 CAGR of -1.2%). The commercial or tertiary sector experienced growth in line with Romania's overall economy (2017-2021: CAGR of 0.8%). Electricity consumption is projected to grow, driven by an increase in the use of all-electric heat pumps, district heating, energy efficiency renovations, and the expansion of household appliances, as promoted by the National Energy and Climate Plan 2023 (source: *ENTSOE TYNDP 2024, Long Term Strategy of Romania (2023)*). The transport sector is also expected to contribute



to the increased electricity demand through the growth of electric vehicles (EVs), supported by subsidies for EVs (such as the Rabla Plus Program) and the development of charging infrastructure.

### *Moldova*

Moldova's economic outlook indicates robust growth, with a pro-European government driving integration with the EU, as evidenced by the commencement of accession negotiations. Moldova's GDP growth has in recent years outpaced that of the EU, a trend projected to continue according to the International Monetary Fund (IMF). Moldova's GDP per capita remains lower than EU averages but is on an upward trajectory. Inflation rates have seen volatility, with a sharp increase in recent times, reflecting global economic pressures. The EU has continued to support Moldova, particularly in light of challenges posed by the conflict involving Russia and Ukraine, with Moldova receiving significant aid to bolster its economic stability and structural reforms, including energy security. 2023 World Bank indicators show fluctuations in Moldova's political stability, rule of law, and corruption control, with notable improvements in corruption over the past decade.

Energy security and climate action are pivotal in Moldova's policy agenda, as the country aims to increase the share of renewables in energy consumption to 27% by 2030 and significantly reduce greenhouse gas emissions from 1990 levels. Integration into the EU energy market is a key objective, with the draft National Energy and Climate Plan outlining strategies for the 2025-2030 period.

Since 2020, Moldova has secured considerable financial backing from the EU and international institutions to achieve its energy transition targets. Under various support schemes, funds are allocated under various support programs for economic stabilization, SME support, infrastructure enhancements, and energy projects, totalling over €2.5 billion. This includes loans and grants under the Macro-Financial Assistance program, the EU Economic and Investment Plan, and the Neighbourhood, Development and International Cooperation Instrument. Additional financing from the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD), and the United States Agency for International Development (USAID) underscores the international commitment to Moldova's energy modernization and security.

Electricity consumption in Moldova has seen modest growth between 2017 and 2021, primarily in the residential and commercial sectors. However, in 2022, there was a slight decline in electricity consumption attributed to limited import capacity and consumer energy-saving measures in response to rising electricity prices. The government has launched initiatives such as the "Rabla for Household Appliances" programme to promote energy efficiency and reduce household energy bills.

Electricity generation capacity in Moldova, excluding the Transnistria region, predominantly relied on fossil fuels historically, but since 2017 there is a notable shift towards renewable energy sources owing to government incentives and development projects. The Moldovan government's target is to achieve a 27% share of renewables in final energy consumption in 2030, with the electricity sector playing a significant role. Incentives such as Feed-in Tariffs and renewable tenders have been established to support this transition. Furthermore, Moldova's strategy to improve energy security involves increasing power interconnections with Romania and Ukraine, aiming for better integration with the EU electricity market. Since 2022, the Moldovan electricity system has been synchronised with the European Network of Transmission System Operators for Electricity ("ENTSO-E") system, allowing for imports both from Ukraine and Romania. The interconnection capacity of the Moldovan system with its neighbours has been increasing since 2022. As of 31 December 2023, Moldova-Romania electricity usage amounted to imports in Moldova of approximately 200-800 MW and exports of approximately 200-625 MW (400kV and 110kV lines), whereas Moldova-Ukraine electricity usage amounted to imports of 0 MW and exports of approximately 800 MW. Furthermore, the interconnection between Moldova and Romania is planned to be further expanded via the construction of two new 400 kV power lines in accordance with the Energy Strategy 2030 and the Electricity Transmission Network Development Plan for 2018 and 2027 through two projects: (a) Isaccea-Vulcanesti-Chisinau (estimated timeframe: 2023-2026) and (b) Balti-Suceava (estimated timeframe: 2023-2026). This interconnectivity between the electricity markets provides the Company the opportunity to sell electricity it generates in one market into the other markets, taking advantage of potential price arbitrage as well as enabling better balancing of electricity, improving results from balancing, and aggregation.







### **Regulated asset base and capital expenditures**

The Group's operations require significant capital expenditures mostly connected with its operations in the electricity and gas distribution segment. Capital expenditures, once spent, increase revenues of the Group for the next period, but only to the extent they are recognized in the RAB by relevant ANRE.

The table below presents the development of the Group's Romanian and Moldovan RAB for 2023, 2022 and 2021:

|                         | 2023  | 2022  | 2021  |
|-------------------------|-------|-------|-------|
| <b>Romania</b>          |       |       |       |
| RAB value (in RON mil.) | 373.3 | 289.9 | 202.9 |
| RAB value (in € mil.)   | 75.0  | 58.6  | 41.0  |
|                         |       |       |       |
| <b>Moldova</b>          |       |       |       |
| RAB value (in USD mil.) | 197.0 | 196.4 | 193.8 |
| RAB value (in € mil.)   | 182.2 | 186.6 | 163.8 |

#### **Romania**

In Romania, the Group's capital expenditures incurred within the natural gas segment primarily relate to investments within the natural gas distribution network and are generally approved to be included in RAB once the projects are completed and put into operation. The Group's capital expenditures incurred within the Natural Gas segment amounted to €21.2 million, €18.7 million and €4.0 million in 2023, 2022 and 2021, respectively (see: "—Scope of Consolidation and Segment Reporting").

The majority of these natural gas capital expenditures is being spent on gas pipes and related equipment. In the past years, the majority of investment outlays were spent on greenfield projects using the newest technologies in order to keep the Group's gas grid relatively modernized. The majority of the Group's natural gas capital expenditure in this segment since EMMA Capital's ownership in 2013 has been made with Polyethylene 100 material which supports potential future green hydrogen distribution and substantially limits gas losses within the network.

#### **Moldova**

In Moldova, capital expenditures incurred amounted to €25.7 million, €17.4 million and €13.7 million in 2023, 2022 and 2021, respectively. The majority of capital expenditures in 2022 and 2021 was spent in relation to high, medium and low voltage networks and meter devices and approved within the RAB. In 2023, €6.6 million of the capital expenditure in Moldova was spent on ongoing investments into new renewable energy generation assets, with the remainder (c. €19.1 million) spent in relation to high, medium and low voltage networks and meter devices and to be approved within the RAB. Electricity distribution networks need to ensure a quality and reliable service. The Group strives to maintain its Moldovan electricity distribution network in a high-quality condition, providing a level of quality above the regulated value itself would imply.

The investment activities into the electricity distribution network include the modernization of the electrical installations using new technologies that replace outdated equipment with high maintenance costs, lower reliability and negative environmental and social impact. The key investment activities, to which most of the Group's capital expenditures in Moldova were allocated in the observed period, were the following:

- Replacement of medium and high voltage oil switchgear by an equipment based on modern technologies increasing their reliability and minimizing environmental damage;
- Use of medium voltage transformers and distribution stations with prefabricated equipment;
- Switching to new types of insulation of active parts of electrical installations;
- Construction of new electrical networks and installations; and
- Implementation of new protection and control equipment with a higher reliability.



### ***Volatility of energy prices***

The Group's business is subject to volatility in the underlying commodity prices of electricity and gas and the effect these prices may have on demand from end consumers in any given period. During 2020 and the first part of 2021, the Group experienced a decline in the price of oil, gas and electricity and overall demand for energy in Romania and Moldova because of global restrictions introduced to address the SARS-CoV-2 pandemic. Conversely, in the second half of 2021 and in 2022, energy prices increased significantly throughout Europe, primarily as a result of the Russia-Ukraine war, which affected the commodity prices for gas and electricity in both Romania and Moldova and also impacted demand. The Group's operations in the supply and electricity generation segments were and are expected to be impacted by energy price volatility. Furthermore, the Group is pursuing prudent, flexible sourcing strategies to mitigate the impact of such volatilities, while naturally hedging its production with supply needs.

### ***Seasonality***

The Group's periodic results of operation are subject to seasonal fluctuations inherent in the energy markets. The Group's gas supply business has seasonal working capital needs inherent to the industry. Outside of the peak demand period, the Romanian regulator requires the Group's natural gas business to store a certain amount of gas volume throughout the year ahead of the winter period leading to additional storage fees, impacting gas results particularly in the third and fourth quarter due to increased working capital requirements, and increases in inventories attributable to gas storage. Conversely, increased gas volume demand and gas prices in the autumn and winter months translate in increased Group results for this segment in the fourth and first quarters of each financial year. Additionally, seasonal effects can occur due to the gas billing cycle during the winter season, where the Group makes prepayments for parts of the required gas volumes and is only able to receive cash from sales one to two months after the purchase of the required gas volumes.

Furthermore, the Group's renewable generation operations in Romania can be affected by weather and climatic conditions throughout the year. Solar power generation is highly seasonal, with a marked increase during extended daylight hours from late spring to early autumn, which significantly boosts the output of photovoltaic systems. Wind power in Romania exhibits a different seasonal pattern. The country's wind farms, particularly those located in the eastern regions near the Black Sea, harness stronger winds in the colder months. Autumn and winter bring robust winds that enhance the efficiency of turbines, leading to higher energy yields. Conversely, the spring and summer months often see more stable atmospheric conditions with lighter winds, which lead to decreased wind power generation.

### ***M&A and joint development activities***

The Group results have been impacted and will continue to be impacted by acquisitions and other M&A or joint developments. Such acquisitions include, for example, the acquisition of CEZ Vanzare which was completed on 15 April 2024 (see Section "Unaudited Pro Forma Financial Information" for a presentation of the *pro forma* impact of the acquisition on the Group) and the acquisition of a 18 MW operational wind plant with the potential to develop an additional 8 MW of wind capacity in December 2023 which was completed on 16 April 2024. The Group also acquired Da Vinci New Project S.R.L, a 23 MW solar plant development with 4.6 MW of storage capacity in 2023 and plans to complete this development in 2024. Furthermore, the Group acquired Progaz P&D S.A., a gas distribution company with 3 concessions in Romania and 80% of the share capital of Enex Nalbant Renewable S.R.L. ("Enex"), a 27.5 MW wind plant (of which 13.75 MW is in operation and 13.75 MW in development) during 2023. M&A projects tend to result in increased operational complexity as the Group works to assimilate the acquired entities into its existing structures and systems. This process can incur substantial costs, both direct and indirect. Direct costs include integration expenses such as legal fees, consulting services, and financial audits. Indirect costs may arise from the distraction of management's focus from core operations to integration efforts, potential disruptions in the workflow, and the challenge of aligning different corporate cultures. Furthermore, the Group may need to invest in technology upgrades or process reengineering to achieve operational synergies, which can impact short-term profitability but are intended to enhance long-term efficiency and earnings (see also Section "RISK FACTORS - The Group's possible investments and acquisitions may not achieve the expected results and may present risks or uncertainties").

If managed effectively, bolt-on acquisitions are expected to lead to enhanced market position and economies of scale, which can positively influence the Group's results of operations in the medium term. The expanded energy generation as well as the acquired operations are expected to provide the Group with





Increased capacity and access to new customers. This growth strategy can lead to cost savings through the consolidation of overlapping functions and leveraging of purchasing and selling power of the increased Group. Additionally, the integration of technologies and expertise from and into the acquired entities can bolster the Group's competitive position in the renewable energy sector.

***Performance of the Group's generation, management, balancing and supply activities in renewable energy***

The Group started its renewables business in 2022 and has since expanded its operations through numerous acquisitions and developments. In the year ended 31 December 2023, the Group generated consolidated revenues of €186.2 million, profit after tax of €26.4 million and Adjusted EBITDA of €41.1 million from its renewables operations. In both Romania and Moldova, the Group is generating renewable energy and providing renewable energy management services such as energy forecasting, balancing, dispatching, asset management, and supply services, as well as project development management. The Group's renewable energy production capacity of both owned and managed assets of third parties amounts to approximately 739 MW in Romania and 87 MW in Moldova, as of 31 December 2023.

The variable nature of renewable energy can affect its predictability and reliability, which are critical for selling operations. Renewable energy generation, management, and supply involve the process of pooling together various renewable energy sources like wind, solar, hydro, and biomass to create a larger, more consistent, and more reliable supply of energy that accounts for the constant fluctuations in generation capacity. Such sources can be supplemented with storage capacity (such as batteries) or on demand generation (such as gas-to-power plants). This aggregated energy can then be sold on energy markets or directly to consumers, businesses, or utilities. Such aggregation and balancing services are particularly important as electricity suppliers are otherwise responsible for "balancing" (i.e., matching) planned electricity generation against actual generation on a daily basis in 15 minute increments. Generally, under the balancing system, the renewable electricity producer must submit the generation and sales plan on the previous day by 15 minute increments to the regional coordination and transmission operator (e.g., Transelectrica in Romania) and match it with the actual results for each of the 15 minute time slots the following day. If there is a discrepancy between planned and actual electricity values, the cost of compensation (imbalance cost) must be reimbursed by the producer afterwards. Balancing implies sourcing additional capacity either on the forward market or spot markets to make for any fluctuations in renewable electricity generation due to climatic conditions (wind, solar, etc.). This balancing activity relies significantly on forecasting estimated renewable power generation for future periods in order to determine the volume of energy sold to the market.

As the Group's renewable energy capacity under management increases (either through own production or through contracted supply) and becomes more diversified (both geographically and in terms of type of generation) than the more than 120 different renewable plants currently, the Group improves its ability to aggregate supply and effectively balance amounts provided to the transmission operator.

***Romanian green energy certificates***

The Group's renewable energy operations are positively impacted by the Romanian green certificate incentive scheme introduced in 2008 to promote the production of electricity from renewable energy sources. According to the regulations in force, the producers of electricity from renewable sources benefit from green certificates for each MWh produced and delivered to the national energy system for power plants authorized by Romanian ANRE up to and including 2016.

The Group received a number of such certificates as part of the acquisitions of the Ecoenergia wind power plant on 20 January 2022, the Enex Nalbant wind power plant on 9 January 2023, and the Alive Sun Power Two solar plant on 30 June 2023. The transport and system operator, Transelectrica, provides the Group, on a monthly basis, the number and series of green certificates allocated, corresponding to the production of electricity delivered in the national energy system. The green certificates can be traded on the OPCOM spot market, at term or combined markets. The sale price of these certificates must fall between certain minimum and maximum values established by law. The table below shows the value of the Group's green certificates as of 31 December 2023, 2022 and 2021.

|               | As of 31 December |       |      |
|---------------|-------------------|-------|------|
|               | 2023              | 2022  | 2021 |
|               | (in € thousand)   |       |      |
| Current ..... | 3,895             | 2,050 | —    |



|                                      | As of 31 December |              |          |
|--------------------------------------|-------------------|--------------|----------|
|                                      | 2023              | 2022         | 2021     |
|                                      | (in € thousand)   |              |          |
| Non-Current .....                    | 1,090             | 3,628        | —        |
| <b>Green Certificates Total.....</b> | <b>4,985</b>      | <b>5,678</b> | <b>—</b> |

The Group sells its green certificates on the OPCOM spot market and in the combined market, or bundles these certificates into electricity sale contracts. Furthermore, as part of its aggregation and balancing operations, the group sells green certificates from other suppliers it has contracts with, typically earning a fee. The green certificates incentive scheme is expected to be discontinued by the government and the green certificates are scheduled to expire on 31 March 2032. The proceeds from the sale of such certificates have contributed to the results of its Romanian renewable energy segment and are expected to continue to do so for the short and medium term (2023: €4.8 million; 2022: €3.4 million; 2021: €0).

#### Description of key consolidated income statement items

Set forth below is a summary description of the key elements of the line items of the Group's consolidated income statement.

##### Revenues

Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of the revenue can be measured reliably. Revenue is recognized net of VAT, excises or other taxes related to the sale.

The Group's revenues are categorized based on operating segments as Romanian Renewable Energy, Natural Gas, Moldova Electricity and Corporate.

The Group's revenues are categorized based on revenue streams as revenues from renewable energy, revenues from the sale of green certificates, revenues from gas distribution and supply and revenues from electricity distribution and supply.

##### ➤ Revenues from renewable energy and green certificates

The group sells part of the renewable electricity based on forward contracts with electricity suppliers as well as on the spot market (day-ahead market) to the respective market operator (OPCOM). Invoices are issued at the end of the month, during the delivery month or at the beginning of the next month for the electricity delivered in the current month. The payment term is depending on the individual agreement concluded with the counterparty (i.e., before the delivery month, during the delivery month or the following month of the delivery).

Revenue is recognized over time because the customer receives and consumes simultaneously the benefits as the Group delivers electricity. The production and consumption of electricity are simultaneous because electricity is not stored. Advance payments received from customers for future energy sales of electricity are recognized as liabilities related to contracts with clients.

The producers of certain electricity from renewable sources in Romania benefit from green certificates for each MWh produced and delivered to the national energy system.

The Romanian transport and system operator, Transelectrica, sends to the Group, monthly, the number and series of green certificates allocated, corresponding to the production of electricity delivered in the national energy system. The green certificates can be traded on the OPCOM spot market, at term or combined markets. The sale price must fall between the minimum and maximum values established by Law no. 220/2008 for the establishment of the system for promoting the production of electricity from renewable energy sources, republished, with subsequent changes.

As a producer of electricity from renewable sources (solar and wind), the Company receives green certificates through the support scheme established by Law no. 220/2008. Each renewable production is having its own support scheme, considering the type and source of the production as well as the year it was put in operation.



The Group sells green certificates on the OPCOM spot market and in the combined market. The customers obtain control over the green certificates when the transaction is recorded by the market operator in its electronic register. In case of the OPCOM spot market, the invoices are issued on the transaction date and the payment term is within 3 business days. In case of the combined market, the green certificates invoices are issued in 20 calendar days and have a payment term of 5 business days. Revenue is recognized at a specific point in time, when the control over the green certificates is transferred.

➤ *Revenues from the supply and distribution of natural gas*

Invoices for natural gas supply are issued monthly based on meter readings and based on estimates of natural gas delivered for which no readings have been made, communicated by the distribution operators.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers gas. Advance payments received from customers for future gas sales are recognized as contract liabilities.

Revenues from services related to supply of gas to final consumers include transportation tariffs. These services are provided by the gas transportation operators. The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal. The Group, therefore, recognizes revenue as it provides natural gas transportation services to the users of its infrastructure (the consumers) with the delivery of each unit of gas delivered. Revenue for natural gas is measured based on the volume of gas delivered to the customer during the reporting period at the regulatory tariff.

Maintenance services is not considered as a separate performance obligation. Regular or routine repair and maintenance activities are necessary activities to be able to operate the existing infrastructure over the period of the concession arrangement and are considered part of the operation services for which the users of the infrastructure are the customers.

However, major maintenance services (e.g. replacement of significant infrastructure assets/components when needed) are treated and accounted for similarly to grid upgrade/expansion construction services based on the manner of compensation for these activities for regulatory revenue purposes (included in the regulated asset based and remunerated with the regulated rate of return).

➤ *Revenues from the sale and distribution of electricity*

The invoicing of electricity sales is performed on a monthly basis. Monthly electricity invoices are based on meter readings or on estimated consumptions based on the historical data of each consumer.

Electricity delivered which is not yet billed at the reporting date is accrued on the basis of recent average consumption. Differences between estimated and actual amounts are recorded in subsequent periods.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers electricity.

Advance payments received from customers for future electricity sales are recognized as contract liabilities.

Revenues from services related to supply of electricity to final consumers include transportation tariffs. These services are provided by the electricity transportation operator.

The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal.



➤ *Gas sale-purchase contracts*

In the ordinary course of business, the Company concludes gas sale-purchase contracts on centralized markets operated by OPCOM or Romanian Commodities Exchange ("BRM") or negotiated contracts concluded outside the centralized platforms, as follows:

- spot contracts: sale or buy contracts concluded on OPCOM's day-ahead and intra-day markets, and BRM's spot market and balancing market (the latter refers to transactions with Transgaz, the Romanian transportation system operator);
- sale or buy forward contracts on centralized markets: contracts concluded on OPCOM's centralized market and BRM's gas forward markets; and
- sale or buy forward negotiated contracts, concluded directly with the counterparty.

Contracts to buy or sell gas that are entered into and continue to be held for receipt or delivery in accordance with the Group's normal expected purchase, sale or usage requirements - meaning that the gas is intended to be delivered to final consumers or for balancing activities with delivery within 1-2 days (so called "own use exemption"), are accounted as executory contracts. Revenues are recognised over time as the customer receives and consumes simultaneously the benefits resulting from the performance of the obligation by the entity.

The contracts to buy or sell gas that do not qualify for own-use exemption are accounted for as derivatives in accordance with IFRS 9.

*Other operating income*

Other operating income is represented by items such as rental income, gain on sale of PPE (property, plant and equipment), net reversal of PPE impairments, net foreign currency gains and other operating income at the level of Romanian subsidiaries. Other income is represented mainly by the Romanian State subsidy for price caps that are in place and that are recoverable from the Ministry of Energy.

*Gain on bargain purchase*

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less accumulated impairment losses.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a "gain on bargain purchase".

*Depreciation and amortization*

Depreciation and amortization consist mainly of the depreciation of buildings, electricity and gas distribution network and other equipment related to the electricity and gas distribution networks and intangible assets.

*Services and material expenses*

Among the most significant costs items under this category are distribution, transport and storage of goods, information technologies, material consumption, taxes and professional services such as accounting and advisory services.

*Personnel expenses*

Personnel expenses comprise employees' compensations and related social taxes and contributions.





#### ***Other operating expenses***

Other operating expenses comprise items such as loss on sale of PPE, net impairment of PPE, net foreign currency losses and other operating expenses.

#### ***Impairment of loans and receivables***

Impairment of loans and receivables consists of net impairment losses on loans and net impairment losses on receivables and other financial assets.

#### ***Impairment of other assets***

Impairment of other assets covers the net impairment losses in conjunction with other assets (e.g., gas prepayments).

#### ***Financial income***

Financial income is composed of interest income only, in particular, interest income from banks and other financial institutions and from loans granted to corporations and other.

#### ***Financial expense***

Financial expense is composed of interest expense, fees and commission expense. Interest expense is due to non-banks, banks and other financial institutions.

#### ***Income tax expense***

Income tax reported in the Group's consolidated income statement consists of the current tax expense and deferred tax expense/(revenue). Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Corporate income tax rates for tax domiciles of entities in the Group for fiscal years 2023, 2022 and 2021 can be summarized as follows:

|         | 2023  | 2022  | 2021  |
|---------|-------|-------|-------|
| Cyprus  | 12.5% | 12.5% | 12.5% |
| Romania | 16%   | 16%   | 16%   |
| Moldova | 12%   | 12%   | 12%   |
| Hungary | 9%    | 9%    | -     |
| Serbia  | 15%   | -     | -     |

### **Recent Trading and Developments**

#### ***Recent developments***

From 31 December 2023, the most significant developments impacting the Group's business and results of operations are described below.

The Group's cogeneration plant with an installed capacity of 13.2 MW for electricity balancing capabilities in Fagaras, Romania, owned by the True Energy Management S.R.L. subsidiary, completed its full refurbishment in March 2024 and commenced operations in early April 2024.

The Company completed the CEZ Vanzare acquisition on 15 April 2024.

The Group's Alive Power One subsidiary completed the asset acquisition of the 18 MW operational wind plant with an additional 8 MW in development located in Vaslui County, Romania on 16 April 2024. In order to finance this acquisition, the Group has drawn down a long term financing facility. For more information please see Section 19 *Vista Bank Loan Agreement (Alive Power One)*.

As of the date of the Prospectus and as part of the Group's continued planned growth in the renewables business, the Group has an aggregate of 204 MW of renewable energy generation assets under development, which includes 121 MW of wind plants, 83 MW of solar plants, and 5 MW of battery storage.



On 25 April 2024, the Group's subsidiary Premier Renewable Invest Co S.R.L. signed an agreement to purchase Eolica Dobrogea One S.R.L., a company which owns an 80 MW wind power plant with over 500,000 of green certificates near Mihai Viteazu, Romania, for total consideration of €88.3 million with a locked-box arrangement dating to 1 January 2024.



Furthermore, the Group is in advanced stages of negotiation for the acquisition of an 86 MW solar / 18 MW battery development in Romania, which is expected to be signed during the first half of 2024. This acquisition is part of the Group's strategy to continue to grow its renewables portfolio and form part of an identified acquisition pipeline of approximately 270 MW of potential opportunities for acquisitions within the renewables segment.

### ***Outlook***

#### ***Distribution***

In the medium term, the Group is targeting capital expenditure on similar, elevated levels as 2023 in Romania and similar levels as in 2023 in Moldova. The Group is targeting a 6.4% of regulated returns in on RAB in 2024 and 6.75% to 6.9% thereafter in Romania and 11.7% for 2024 with decreases tied to lower 10-year treasury rates thereafter in Moldova. The Group is targeting a 15-year average life for RAB assets in Romania and 18-year average life for RAB assets in Moldova. Other income is expected to be in line with historical levels in both Romania and Moldova. The Group expects allowed operational reimbursements to be in line with historical levels at approximately €30 million across the Group, growing at the inflation rate, and expects allowed energy reimbursement of approximately €30 million in 2024, then growing at inflation rate. In the medium term, the Group is targeting an Adjusted EBITDA Margin in line with the build-up aforementioned for distribution in both Romania and Moldova.

#### ***Supply***

The Group is targeting volumes supplied to grow at mid-teens in 2024, high single digit thereafter in Romania and a constant growth at 1% p.a. in Moldova. The Group expects a supply price of EUR 30-40 / MWh (nominal, gas) in Romania and EUR 90-110 / MWh (nominal, electricity) in Moldova. In the medium term, the Group is targeting an Adjusted EBITDA Margin in low single digits after the expiration of the margin cap in Romania and an Adjusted EBITDA Margin slightly above 1% in Moldova, as all costs, including purchase of electricity, operating expenditures and financing costs, are part of regulated cost.

#### ***Renewables***

The Group is targeting additional c.750 GWh of owned production capacity until 2026 and approximately EUR 3 million p.a. of owned green certificate sales. The Group is targeting production under management to increase to c. 1,400 – 1,600 GWh per year by 2026. In the medium term, the Group is targeting an Adjusted EBITDA Margin of 80-90% for owned plants and 8-12% for managed plants. The Group estimates that the development cost per MW of solar and wind electricity will be approximately EUR 0.4 million/MW for solar and EUR 1.3 million/MW wind installed new capacity, while the Group's target is for an internal rate of return in excess of 20% and for the internal rate of return to remain in the mid to high teens even in a scenario of depressed power prices (EUR 70/MWh).

#### ***CEZ Vanzare***

The Group is targeting volumes supplied growth at 6% p.a. for electricity and for gas supplied, linear growth reaching 1.3 TWh in 2026, a regulated margin of 73 RON/MWh (approximately EUR 14.4) for electricity and 15 RON/MWh (EUR 3) for gas as well as and approximately 60% operating expenditure margin applied to regulated gross margin for Adjusted EBITDA calculation. In the medium term, the Group is targeting an Adjusted EBITDA Margin in mid-single digits.

#### ***Other outlook***

Tariff adjustments are expected to decrease Adjusted EBITDA by approximately EUR 33 million over the next two years. The Group is targeting interest expense to be in line with future debt and interest levels. Capital expenditure for the distribution businesses is planned to be approximately EUR 30 million per year in total in the medium term. In Romania, capital expenditure is expected to continue at elevated levels (per 2023 RAB growth) over the next 2-3 years and then come down a bit. In Moldova, capital expenditure is expected to be maintained at constant levels as per historical RAB growth. In the medium term, the Group



is targeting Working Capital at similar levels as historical figures, while state receivables in the CEZ Vanzare and natural gas businesses are expected to be fully repaid by the end of the medium term. The Group is targeting an Adjusted Net Leverage of less than 2.0x in the long term, or up to 2.5x in case of sizable acquisitions.

### Results of Operations for the Years Ended 31 December 2023, 2022 and 2021

The following table sets forth the Group's consolidated results of operations for each of the periods indicated.

|                                                                      | For the year ended 31 December |           |           |
|----------------------------------------------------------------------|--------------------------------|-----------|-----------|
|                                                                      | 2023                           | 2022      | 2021      |
|                                                                      | (in € thousand)                |           |           |
| Revenues                                                             | 911,975                        | 1,096,170 | 401,680   |
| Other Operating Income                                               | 34,838                         | 23,076    | 2,908     |
| Gain On Bargain Purchase                                             | 4,037                          | 10,843    | 1,205     |
| Cost Of Electricity, Gas and Transportation                          | (738,602)                      | (811,219) | (312,045) |
| Raw Materials and Consumables Used                                   | (4,847)                        | (3,775)   | (1,699)   |
| Depreciation and Amortization                                        | (19,109)                       | (17,521)  | (14,332)  |
| Services and Material Expenses                                       | (46,021)                       | (36,559)  | (26,658)  |
| Personnel Expenses                                                   | (28,761)                       | (22,760)  | (17,765)  |
| Other Operating Expenses                                             | (1,960)                        | (2,497)   | (602)     |
| Reversal Of (Impairment) On Loans and Receivables                    | 1,108                          | (1,245)   | 179       |
| Finance Income                                                       | 2,323                          | 1,156     | 1,291     |
| Finance Expense                                                      | (12,683)                       | (11,169)  | (6,541)   |
| Profit Before Tax                                                    | 102,298                        | 224,500   | 27,621    |
| Income Tax Expense                                                   | (23,336)                       | (41,256)  | (5,309)   |
| Profit After Tax                                                     | 78,962                         | 183,244   | 22,312    |
| Other Comprehensive Income For The Year                              | 16,971                         | (2,847)   | 13,200    |
| Total Comprehensive Income For The Year                              | 95,933                         | 180,397   | 35,512    |
| Total Comprehensive Income Attributable To Owners Of The Company ... | 82,347                         | 163,503   | 35,346    |

### Revenue

The tables below show the Group's revenue breakdown by operating segments and by revenue streams for the years ended 31 December 2023, 2022 and 2021:

| Operating Segment        | For the year ended 31 December |           |         |
|--------------------------|--------------------------------|-----------|---------|
|                          | 2023                           | 2022      | 2021    |
|                          | (in € thousand)                |           |         |
| Romania Renewable Energy | 186,237                        | 148,910   | -       |
| Natural Gas              | 306,081                        | 576,060   | 209,933 |
| Moldova Electricity      | 419,657                        | 371,200   | 191,747 |
| Corporate                | -                              | -         | -       |
| Total                    | 911,975                        | 1,096,170 | 401,680 |

| Revenue streams                                   | For the year ended 31 December |           |         |
|---------------------------------------------------|--------------------------------|-----------|---------|
|                                                   | 2023                           | 2022      | 2021    |
|                                                   | (in € thousand)                |           |         |
| Revenues from renewable energy                    | 181,405                        | 146,882   | -       |
| Revenues from sale of green certificates          | 4,832                          | 3,407     | -       |
| Revenues from gas distribution and supply         | 299,950                        | 553,844   | 209,933 |
| Revenues from electricity distribution and supply | 425,788                        | 392,037   | 191,747 |
| Total                                             | 911,975                        | 1,096,170 | 401,680 |

### 2023 and 2022

The Group's revenues for the fiscal year ended 31 December 2023 were €911,975 thousand, a decrease of €184,195 thousand, or 16.8%, compared to €1,096,170 thousand for the fiscal year ended 31 December 2022. This was primarily attributable to the decreasing energy prices during 2023 and reduced energy price volatility in 2023 compared to 2022 levels.

Revenues from renewable energy, primarily attributable the Group's Romania Renewable Energy segment, for 2023 were €181,405 thousand, an increase of €34,523 thousand, or 23.5%, compared to €146,882



thousand for 2022. This increase was primarily as a result of the Group's increased energy generation capacity in 2023 compared 2022.

Revenues from the sale of green certificates, primarily attributable to the Group's Romania Renewable Energy segment, for 2023 were €4,832 thousand, an increase of €1,425 thousand, or 41.8%, compared to €3,407 thousand for 2022. This increase was as a result of increased own renewable energy capacity in 2023 compared to 2022 and sales of green certificates through the Group's balancing, aggregation and supply activities in renewable energy in 2023.

Revenues from gas distribution and supply, primarily attributable to the Group's Natural Gas segment, for 2023 were €299,950 thousand, a decrease of €253,894 thousand, or 45.8%, compared to €553,844 thousand for 2022. This decrease was primarily attributable to decreasing gas energy prices during 2023, as well as a slight decrease in the quantities of gas sold to 6.1 million MWh in 2023 from 6.5 million MWh 2022. In 2023 and 2022 the revenue from the distribution and supply of natural gas was generated by Romanian and Hungarian. The distribution tariffs in Romania are regulated by the Romanian ANRE while, on the supply side, the sale price of natural gas in Romania became the subject of new, temporary market price restrictions, starting in 2022.

Revenues from electricity distribution and supply, primarily attributable to the Group's Moldova Electricity segment, for 2023 were €425,788 thousand, an increase of €33,751 thousand, or 8.6%, from 392,037 for 2022. This increase was primarily as a result of increases in RAB and regulated WACC for 2023 compared to 2022.

#### *2022 and 2021*

The Group's revenues for the fiscal year ended 31 December 2022 were €1,096,170 thousand, an increase of €694,490 thousand, or 172.9%, compared to €401,680 thousand in the fiscal year ended 31 December 2021. This was primarily attributable to increased energy and gas prices in 2022 compared to 2021 as a result of the volatility in energy prices as well as the set-up of the Romania Renewable Energy segment in 2022. As a result of the new Romania Renewable Energy division, the Group recorded revenues from renewable energy and from the sale of green certificates for the first time in 2022 in the total amount of €150,289 thousand.

Revenues from gas distribution and supply, primarily attributable to the Group's Natural Gas segment, for 2022 were €553,844 thousand, an increase of € 343,911 thousand, or 163.8%, compared to €209,933 thousand for 2021. This increase was primarily as a result of the significant increase in gas prices and general energy price volatility resulting from the Russia-Ukraine war in 2022 compared to 2021. The distribution tariff is regulated by the Romanian ANRE, while in 2022, the quantities of gas sold amounted to 6.5 million MWh (2021:7.1 million MWh).

Revenues from electricity distribution and supply, primarily attributable to the Group's Moldova Electricity segment, for 2022 were €392,037 thousand, an increase of €200,290 thousand, or 104.5%, from €191,747 in 2021. This increase was primarily as a result of increases in RAB and regulated WACC for 2022 compared to 2021, as well as the aforementioned increased energy price volatility. At the end of each year, the Moldovan ANRE recalculates the actual tariff for the distribution and supply of electricity using the actual costs and capital expenditure incurred for the respective year and the differences are taken into account (added or deducted) in the tariffs set for the next year. These tariff deviations for a year are generated by the difference between the revenues billed from electricity distributed and supplied at the regulated tariffs approved by the Moldovan ANRE and the total costs and returns for the year calculated according to the methodology based on the actual costs and capital expenditure incurred in that year.

#### *Other Operating Income*

The following table sets forth the Group's other operating income for the years indicated:

|                                                                   | For the year ended 31 December |               |              |
|-------------------------------------------------------------------|--------------------------------|---------------|--------------|
|                                                                   | 2023                           | 2022          | 2021         |
|                                                                   | <i>(In € thousand)</i>         |               |              |
| Rental income                                                     | 787                            | 558           | 521          |
| Gain on sale of property, plant, equipment, and intangible assets | 19                             | 56            | 532          |
| Other income                                                      | 34,032                         | 22,462        | 1,855        |
| <b>Total</b>                                                      | <b>34,838</b>                  | <b>23,076</b> | <b>2,908</b> |



2023 and 2022

The Group's other operating income for the fiscal year ended 31 December 2023 was €34,838 thousand, an increase of €11,762 thousand, or 51%, compared to €23,076 thousand in the fiscal year ended 31 December 2022. This was primarily attributable to an increase in Romanian government subsidy payments in 2023 compared to 2022, covering the difference between the regulated natural gas end-customer energy prices and the commodity energy cost for the Group.

2022 and 2021

The Group's other operating income for the fiscal year ended 31 December 2022 was €23,076 thousand, an increase of €20,168 thousand, or 693.5%, compared to €2,908 thousand in the fiscal year ended 31 December 2021. This was primarily attributable to an increase in Romanian government subsidy amounts in 2022 compared to 2021. The subsidy was intended to cover the difference between the regulated natural gas end-consumer energy prices and the commodity energy cost for natural gas plus an allowed margin, which were introduced at the end of 2021 but affected the entire 2022 period.

#### **Gain On Bargain Purchase**

2023 and 2022

The Group's gain on bargain purchase for the fiscal year ended 31 December 2023 was €4,037 thousand, a decrease of €6,806 thousand, or 62.8%, compared to €10,843 thousand in the fiscal year ended 31 December 2022. This was primarily attributable to acquisitions performed by the Group in 2023, including the acquisition of Enex, which resulted in a gain on bargain purchase of €3,288 thousand, as well as the Group's acquisition of Alive Sun Power Two S.R.L., which resulted in a gain on bargain purchase of €749 thousand.

2022 and 2021

The Group's gain on bargain purchase for the fiscal year ended 31 December 2022 was €10,843 thousand, an increase of €9,638 thousand, or 799.8%, compared to €1,205 thousand in the fiscal year ended 31 December 2021. This was primarily attributable to the effect of the Ecoenergia wind power plant acquisition during 2022.

#### **Cost Of Electricity, Gas and Transportation**

2023 and 2022

The Group's cost of electricity, gas and transportation amounted to €738,602 thousand for the fiscal year ended 31 December 2023, a decrease of €72,617 thousand, or 9%, as compared to €811,219 thousand in the fiscal year ended 31 December 2022. The decrease was primarily due to a reduction in prices of purchased energy in 2023 compared to 2022 with volumes remaining at similar levels in both periods. The cost of green certificates sold increased in line with the growth in the revenue from the Group's balancing and aggregation activities in renewable energy. In 2022, the Group recorded a one-off gain of €76.4 million from a gas forward sale during the year due to high level of gas reserves, recorded as an operating derivative for the period. The below table breaks down the Group's costs of electricity, gas and transportation for 2023 and 2022:

|                                                     | For the year ended 31 December |                  | %            |
|-----------------------------------------------------|--------------------------------|------------------|--------------|
|                                                     | 2023                           | 2022             |              |
|                                                     | (in € thousand)                |                  |              |
| Cost of renewable energy sold                       | (127,427)                      | (87,675)         | 45.3%        |
| Green certificates sold                             | (4,101)                        | (2,762)          | 48.5%        |
| Cost of gas sold                                    | (290,734)                      | (462,827)        | -37.2%       |
| Operating derivatives – gas                         | —                              | 76,444           | —            |
| Cost of electricity sold                            | (280,045)                      | (300,517)        | -6.8%        |
| Transportation of electricity                       | (36,295)                       | (33,882)         | 7.1%         |
| <b>Costs of electricity, gas and transportation</b> | <b>(738,602)</b>               | <b>(811,219)</b> | <b>-9.0%</b> |



#### 2022 and 2021

The Group's cost of electricity, gas and transportation amounted to €811,219 thousand in the fiscal year ended 31 December 2022, a €499,174 thousand, or 160% increase, as compared to €312,045 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to the above-mentioned volatility in gas and electricity prices in 2022. In 2022, the Group acquired its renewable energy operations and began recording costs for renewable energy sold as well as green certificates sold. The below table breaks down the Group's costs of electricity, gas and transportation for 2022 and 2021:

|                                                   | For the year ended 31 December |                  | %             |
|---------------------------------------------------|--------------------------------|------------------|---------------|
|                                                   | 2022                           | 2021             |               |
|                                                   | (in € thousand)                |                  |               |
| Cost of renewable energy sold.....                | (87,675)                       | —                | —             |
| Green certificates sold.....                      | (2,762)                        | —                | —             |
| Cost of gas sold.....                             | (462,827)                      | (143,077)        | 223.5%        |
| Operating derivatives – gas.....                  | 76,444                         | —                | —             |
| Cost of electricity sold.....                     | (300,517)                      | (148,579)        | 102.3%        |
| Transportation of electricity.....                | (33,882)                       | (20,389)         | 66.2%         |
| Costs of electricity, gas and transportation..... | <u>(811,219)</u>               | <u>(312,045)</u> | <u>160.0%</u> |

#### Raw Materials and Consumables Used

##### 2023 and 2022

The Group's raw materials and consumable used amounted to €4,847 thousand for the fiscal year ended 31 December 2023, a €1,072 thousand, or 28.4% increase, as compared to €3,775 thousand in the fiscal year ended 31 December 2022. The increase was primarily due to increases in expenses relating to costs related to construction contracts and expenses used in materials for current maintenance of the distribution networks as well as electrical and natural gas installations in 2023 compared to in 2022.

##### 2022 and 2021

The Group's raw material and consumables used amounted to €3,775 thousand for the fiscal year ended 31 December 2022, a €2,076 thousand, or 122.2% increase, as compared to €1,699 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to increased expenses relating to costs related to construction contracts and expenses arising from materials used for current maintenance of the distribution networks as well as electrical and natural gas installations.

#### Depreciation and Amortization

##### 2023 and 2022

The Group recorded €19,109 thousand in depreciation and amortization for the fiscal year ended 31 December 2023, a €1,588 thousand, or 9.1% increase, as compared to €17,521 thousand in the fiscal year ended 31 December 2022. The increase was primarily due to the increased fixed asset base in 2023 compared to 2022 as a result of continued investment into the Group's growth of the natural gas distribution network in Romania and the electricity distribution network in Moldova along with acquisitions in 2023 compared to 2022.

##### 2022 and 2021

The Group recorded €17,521 thousand in depreciation and amortization for the fiscal year ended 31 December 2022, a €3,189 thousand, or 22.3% increase, as compared to €14,332 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to the increased fixed asset base in 2022 compared to 2021 as a result of capital expenditures in 2022 within both the natural gas distribution network in Romania and the electricity distribution network in Moldova as well as the acquisition of the Ecoenergia wind plant.



### Services and Material Expenses

2023 and 2022

The Group recorded €46,021 thousand in services and material expenses for the fiscal year ended 31 December 2023, a €9,462 thousand, or 25.9% increase, as compared to €36,559 thousand in the fiscal year ended 31 December 2022. The increase was primarily due to increased advertising and marketing spend tied to a brand identity redesign along with increased financial auditor costs in 2023 compared to 2022, as part of the Group's preparations for the public listing and provision for tax risks of €3,940 thousand in 2023 mainly attributable to other risks assessed by the Group in the area of the energy taxation in Romania. The below table shows the breakdown of the Group's services and material expenses for 2023 and 2022:

|                                                    | For the year ended 31 December |                 | %            |
|----------------------------------------------------|--------------------------------|-----------------|--------------|
|                                                    | 2023                           | 2022            |              |
|                                                    | (in € thousand)                |                 |              |
| Professional services .....                        | (3,245)                        | (2,733)         | 18.7%        |
| Independent auditor's remuneration .....           | (1,293)                        | (615)           | 110.2%       |
| Advertising and marketing .....                    | (1,190)                        | (293)           | 306.1%       |
| Taxes, other than income tax .....                 | (2,990)                        | (1,138)         | 162.7%       |
| Rental, maintenance and repair expenses .....      | (10,076)                       | (8,457)         | 19.1%        |
| Telecommunication and postage .....                | (1,305)                        | (1,070)         | 22.0%        |
| Travel expenses .....                              | (332)                          | (241)           | 37.8%        |
| Information technologies .....                     | (1,623)                        | (1,398)         | 16.1%        |
| Distribution, transport and storage of goods ..... | (6,117)                        | (10,696)        | -42.8%       |
| Energy consumption .....                           | (328)                          | (575)           | -43.0%       |
| Provision for tax risks .....                      | (3,940)                        | —               | —            |
| Other .....                                        | (13,582)                       | (9,343)         | 45.4%        |
| <b>Total .....</b>                                 | <b>(46,021)</b>                | <b>(36,559)</b> | <b>25.9%</b> |

### 2022 and 2021

The Group recorded €36,559 thousand in services and material expenses for the fiscal year ended 31 December 2022, a €9,901 thousand, or 37.1% increase, as compared to €26,658 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to increases in acquisitions during the period and business performance in 2022 as compared to 2021. The below table shows the breakdown of the Group's services and material expenses for 2022 and 2021:

|                                                    | For the year ended 31 December |                 | %            |
|----------------------------------------------------|--------------------------------|-----------------|--------------|
|                                                    | 2022                           | 2021            |              |
|                                                    | (in € thousand)                |                 |              |
| Professional services .....                        | (2,733)                        | (2,677)         | 2.1%         |
| Independent auditor's remuneration .....           | (615)                          | (316)           | 94.6%        |
| Advertising and marketing .....                    | (293)                          | (93)            | 215.1%       |
| Taxes, other than income tax .....                 | (1,138)                        | (1,322)         | -13.9%       |
| Rental, maintenance and repair expenses .....      | (8,457)                        | (5,359)         | 57.8%        |
| Telecommunication and postage .....                | (1,070)                        | (825)           | 29.7%        |
| Travel expenses .....                              | (241)                          | (102)           | 136.3%       |
| Information technologies .....                     | (1,398)                        | (1,102)         | 26.9%        |
| Distribution, transport and storage of goods ..... | (10,696)                       | (10,455)        | 2.3%         |
| Energy consumption .....                           | (575)                          | (74)            | 677.0%       |
| Other .....                                        | (9,343)                        | (4,333)         | 115.6%       |
| <b>Total .....</b>                                 | <b>(36,559)</b>                | <b>(26,658)</b> | <b>37.1%</b> |

### Personnel Expenses

The below table shows the breakdown of the Group's personnel expenses for the periods indicated:

|                                                                         | For the year ended 31 December |                 |                 |
|-------------------------------------------------------------------------|--------------------------------|-----------------|-----------------|
|                                                                         | 2023                           | 2022            | 2021            |
|                                                                         | (in € thousand)                |                 |                 |
| Employee compensation .....                                             | (25,700)                       | (20,293)        | (15,623)        |
| Payroll related taxes (including social and pension contribution) ..... | (3,061)                        | (2,467)         | (2,142)         |
| <b>Personnel expenses .....</b>                                         | <b>(28,761)</b>                | <b>(22,760)</b> | <b>(17,765)</b> |





#### 2023 and 2022

The Group recorded €28,761 thousand in personnel expenses for the fiscal year ended 31 December 2023, a €6,001 thousand, or 26.4% increase, as compared to €22,760 thousand in the fiscal year ended 31 December 2022. The increase was primarily due to increased headcount and remuneration in 2023 compared to 2022, including due to the continued growth of the Group's renewable businesses in both Romania and Moldova in 2023 compared to 2022 as well due to some of the acquisitions completed during the year, such as the acquisition of Progaz, in 2023, where the acquired business included employees.

#### 2022 and 2021

The Group recorded €22,760 thousand in personnel expenses for the fiscal year ended 31 December 2022, a €4,995 thousand, or 28.1% increase, as compared to €17,765 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to increased headcount and remuneration in 2022 compared to 2021 primarily as a result of acquisitions in 2022.

#### Other Operating Expenses

The below table shows the breakdown of the Group's other operating expenses for the years indicated:

|                                                                   | For the year ended 31 December |                |              |
|-------------------------------------------------------------------|--------------------------------|----------------|--------------|
|                                                                   | 2023                           | 2022           | 2021         |
|                                                                   | <i>in € thousand</i>           |                |              |
| Loss on sale of property, plant and equipment                     | (180)                          | -              | -            |
| Net impairment losses on property, plant and equipment recognized | 188                            | (523)          | (26)         |
| Net foreign currency losses                                       | (1,968)                        | (1,974)        | (576)        |
| <b>Total other operating expenses</b>                             | <b>(1,960)</b>                 | <b>(2,497)</b> | <b>(602)</b> |

#### 2023 and 2022

The Group's other operating expenses amounted to €1,960 thousand for the fiscal year ended 31 December 2023, a decrease of €537 thousand, or 21.5%, as compared to €2,497 thousand in the fiscal year ended 31 December 2022. The decrease was primarily due to the positive impact of impairment assessments of tangible assets under construction in 2023 compared to negative impact resulting from impairments recognized on the gas distribution network in 2022, while net foreign currency losses remained at a similar level in 2023 and 2022.

#### 2022 and 2021

The Group's other operating expenses amounted to €2,497 thousand for the fiscal year ended 31 December 2022, a €1,895 thousand, or 314.8% increase, as compared to €602 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to net foreign currency losses during 2022 as a result of the fluctuations in the RON and MDL to EUR exchange rates.

#### Finance Income

The below table shows the breakdown of the Group's finance income for the years indicated:

|                                                                                                                      | For the year ended 31 December |              |              |
|----------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------|--------------|
|                                                                                                                      | 2023                           | 2022         | 2021         |
|                                                                                                                      | <i>in € thousand</i>           |              |              |
| Interest income (of which)                                                                                           | 2,323                          | 1,156        | 106          |
| Due from banks and other financial institutions                                                                      | 2,146                          | 890          | 21           |
| Loans to corporations and other loans                                                                                | 177                            | 266          | 85           |
| Gain on revaluation of financial equity instruments at fair value through profit or loss (Note 12. Financial assets) | -                              | -            | 1,185        |
| <b>Total finance income</b>                                                                                          | <b>2,323</b>                   | <b>1,156</b> | <b>1,291</b> |

#### 2023 and 2022

The Group's finance income for the fiscal year ended 31 December 2023 was €2,323 thousand, an increase of €1,167 thousand, or 101%, compared to €1,156 thousand in the fiscal year ended 31 December 2022.



This was primarily attributable to increased interest rates on deposits with banks and other financial institutions in 2023 compared to 2022.

2023 and 2021

The Group's finance income for the fiscal year ended 31 December 2022 was €1,156 thousand, a decrease of €135 thousand, or 10.5%, compared to €1,291 thousand in the fiscal year ended 31 December 2021. This was primarily attributable to a one-off gain on revaluation of financial equity instruments at fair value through profit or loss in 2021, which was offset by an increase in interest income in 2022 compared to 2021.

### Finance Expense

The below table shows the breakdown of the Group's finance expense for the years indicated:

|                                                        | For the year ended 31 December |                 |                |
|--------------------------------------------------------|--------------------------------|-----------------|----------------|
|                                                        | 2023                           | 2022            | 2021           |
|                                                        |                                | in € thousand   |                |
| Interest expense (of which) .....                      | (10,668)                       | (9,496)         | (5,447)        |
| Due to non-banks .....                                 | (37)                           | (360)           | (768)          |
| Due to banks and other financial institutions .....    | (10,015)                       | (8,681)         | (4,612)        |
| Interest on lease liabilities .....                    | (80)                           | (186)           | (67)           |
| Debt securities issued .....                           | (160)                          | (135)           | --             |
| Other .....                                            | (376)                          | (134)           | --             |
| Fee and commission expense .....                       | (2,015)                        | (1,630)         | (1,061)        |
| Net losses from financial assets and liabilities ..... | --                             | (43)            | (33)           |
| <b>Total finance expense .....</b>                     | <b>(12,683)</b>                | <b>(11,169)</b> | <b>(6,541)</b> |
| <b>Net finance expenses .....</b>                      | <b>(10,360)</b>                | <b>(10,013)</b> | <b>(5,250)</b> |

2023 and 2022

The Group recorded €12,683 thousand in finance expenses for the fiscal year ended 31 December 2023, a €1,514 thousand, or 13.6% increase, as compared to €11,169 thousand in the fiscal year ended 31 December 2022. The increase was primarily due to a general rise in interest rates and increased level of borrowings due to acquisitions in 2023 compared to 2022.

2022 and 2021

The Group recorded €11,169 thousand in finance expenses for the fiscal year ended 31 December 2022, a €4,628 thousand, or 70.8% increase, as compared to expenses of €6,541 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to interest expense on outstanding instruments, which increased in 2022 compared to 2021 as a result of increased working capital requirements and M&A activities as well as due to a general increase in the borrowing rates in 2022 compared to 2021.

### Profit Before Tax

2023 and 2022

The Group's profit before tax for the fiscal year ended 31 December 2023 was €102,298 thousand, a decrease of €122,202 thousand, or 54.4%, compared to €224,500 thousand in the fiscal year ended 31 December 2022. This was primarily attributable to the factors described above.

2022 and 2021

The Group's profit before tax for the fiscal year ended 31 December 2022 was €224,500 thousand, an increase of €196,879 thousand, or 712.8%, compared to €27,621 thousand in the fiscal year ended 31 December 2021. This was primarily the result of the cumulative effect of the factors described above impacting revenues and expenses.





### ***Income Tax Expense***

#### ***2023 and 2022***

The Group recorded €23,336 thousand in income tax expenses for the fiscal year ended 31 December 2023, a decrease of €17,920 thousand, or 43.4%, as compared to expenses of €41,256 thousand in the fiscal year ended 31 December 2022. The decrease was primarily due to the Group's decreased level of profit before tax in 2023 compared to 2022.

#### ***2022 and 2021***

The Group recorded €41,256 thousand in income tax expenses for the fiscal year ended 31 December 2022, a €35,947 thousand, or 677.1% increase, as compared to an expense of €5,309 thousand in the fiscal year ended 31 December 2021. The increase was primarily due to the Group's increased profit before tax level in 2022 compared to 2021.

### ***Profit After Tax***

#### ***2023 and 2022***

The Group's profit after tax for the fiscal year ended 31 December 2023 was €78,962 thousand, a decrease of €104,282 thousand, or 56.9%, compared to €183,244 thousand in the fiscal year ended 31 December 2022.

#### ***2022 and 2021***

The Group's profit after tax for the fiscal year ended 31 December 2022 was €183,244 thousand, an increase of €160,932 thousand, or 721.3%, compared to €22,312 thousand in the fiscal year ended 31 December 2021.

### ***Total Comprehensive Income for The Year***

#### ***2023 and 2022***

The Group's total comprehensive income for the fiscal year ended 31 December 2023 was €95,933 thousand, a decrease of €84,464 thousand, or 46.8%, compared to €180,397 thousand in the fiscal year ended 31 December 2022.

#### ***2022 and 2021***

The Group's total comprehensive income for the fiscal year ended 31 December 2022 was €180,397 thousand, an increase of €144,885 thousand, or 408%, compared to €35,512 thousand in the fiscal year ended 31 December 2021.

### ***Total Comprehensive Income Attributable to Owners of The Company***

#### ***2023 and 2022***

The Group's total comprehensive income attributable to owners of the company for the fiscal year ended 31 December 2023 was €82,347 thousand, a decrease of €81,156 thousand, or 49.6%, compared to €163,503 thousand in the fiscal year ended 31 December 2022. This was primarily attributable to the factors described above.

#### ***2022 and 2021***

The Group's total comprehensive income attributable to owners of the company for the fiscal year ended 31 December 2022 was €163,503 thousand, an increase of €128,157 thousand, or 362.6%, compared to €35,346 thousand in the fiscal year ended 31 December 2021. The increase was primarily attributable to the factors described above.



## Liquidity and Capital Resources

### Overview

The Group's liquidity needs are primarily to finance operations, capital expenditures and repayment of liabilities as they fall due. These are financed from cash, cash equivalents and drawings under Group's credit lines. The Group's financial condition and liquidity is, and will continue to be, affected by a number of factors, such as (i) its ability to generate cash flows from operating activity; (ii) the level of its outstanding indebtedness, and the interest it is obligated to pay on such indebtedness, which affects its finance costs; (iii) prevailing interest rates affecting its debt service requirements; (iv) its ability to obtain new financing from banks or domestic and international capital markets; and (v) the needs related to capital expenditures and development projects. Furthermore, the Group's business development activity through potential acquisitions in its respective sectors might have an impact on its financial condition. There are no restrictions on the use of the Group's capital resources that have materially affected or could materially affect (directly or indirectly) its operations.

The Group's principal source of liquidity on an ongoing basis is expected to be cash generated from the Group's operating activities. The Group also has access to the revolving credit facilities, with the availability of such facilities dependent upon certain conditions as described further under "*Business—Material Contracts—Loan Agreements*". In addition, the Group's ability to generate cash depends on the Group's future operating performance, which, in turn, depends to some extent on general economic, financial, industry and other factors, many of which are beyond its control. See "*RISK FACTORS*".

### Working Capital

The Group defines its net working capital as the sum of trade receivables plus inventories plus other current assets (excluding cash and equivalents) minus current trade payables and minus other current liabilities (excluding short term debt).

The Group's working capital requirements can fluctuate for a variety of factors, including business seasonality and increases in receivables due to longer time periods to collect payments from customers or a substantial increase in the cost of inventory.

The table below presents the Group's working capital as defined by management in the period discussed:

|                                                | As at 31 December |                 |               |
|------------------------------------------------|-------------------|-----------------|---------------|
|                                                | 2023              | 2022            | 2021          |
|                                                |                   | (in € thousand) |               |
| Trade receivables .....                        | 87,240            | 108,520         | 73,954        |
| Inventories .....                              | 35,424            | 49,132          | 6,344         |
| Other current assets <sup>(1)</sup> .....      | 55,925            | 51,187          | 19,260        |
| Trade payables .....                           | (46,740)          | (18,434)        | (21,303)      |
| Other current liabilities <sup>(2)</sup> ..... | (52,896)          | (91,438)        | (53,563)      |
| <b>Net Working Capital .....</b>               | <b>78,953</b>     | <b>98,967</b>   | <b>24,692</b> |

<sup>(1)</sup> Other current assets comprise total current assets less current trade receivables, inventories and cash and cash equivalent.

<sup>(2)</sup> Other current liabilities comprise total current liabilities less current trade payables, current liabilities due to non banks, current liabilities due to banks and other financial institutions, bank overdrafts, and bonds and notes issued, if any.

The Group's working capital is seasonal and fluctuates throughout the year due primarily to the seasonality of natural gas purchases from customers stemming from seasonal weather conditions. In 2022, inventories increased significantly compared to 2021 primarily as a result of much higher natural gas volumes and prices in storage, fuelled by the Russia-Ukraine war and the resulting energy crisis. The 2023 inventory level decreased primarily as a result of lower natural gas prices in the stock. Trade payables decreased in 2022 primarily as a result of higher natural gas and electricity prices towards the end of 2022 in comparison to the same period in 2021. Trade payables increased in 2023 due to lower overall natural gas and electricity prices towards the end of 2023 in comparison to 2022.

### Cash Flows for the Years ended 31 December 2023, 2022 and 2021

The table below summarizes Group's cash flows for the periods indicated.





|                                                               | Fiscal Year ended 31 December |               |               |
|---------------------------------------------------------------|-------------------------------|---------------|---------------|
|                                                               | 2023                          | 2022          | 2021          |
|                                                               | (in € thousand)               |               |               |
| Profit for the Year Before Tax .....                          | 102,298                       | 224,500       | 71,671        |
| Net Cash Generated from Operating Activities .....            | 118,198                       | 104,589       | 25,848        |
| Net Cash Used in Investing Activities .....                   | (64,117)                      | (47,120)      | (9,295)       |
| Net Cash Used in Financing Activities .....                   | (22,137)                      | (20,741)      | (8,517)       |
| Cash and Cash Equivalents at the Beginning of the year .....  | 48,657                        | 12,176        | 3,991         |
| Net Movement in Cash and Cash Equivalent .....                | 31,944                        | 36,728        | 8,036         |
| Effects of movement in exchange rates on cash held .....      | 671                           | (247)         | 149           |
| <b>Cash and Cash Equivalents at the End of The Year .....</b> | <b>81,272</b>                 | <b>48,657</b> | <b>12,176</b> |

#### *Net Cash Generated from Operating Activities*

In 2023, the Group's net cash generated from operating activities amounted to €118,198 thousand, primarily as a result of the strong business performance during the year which generated a profit before tax of €102,298 thousand. In 2022, the Group's net cash generated from operating activities amounted to €104,589 thousand, primarily as a result of the strong profit before tax performance of €224,500 thousand with the improved business performance in 2022 compared to 2021 due to the increased energy prices as well as the commencement of the Romanian Renewable Energy Division in 2022. In 2021, the Group's net cash generated from operating activities amounted to €25,848 thousand primarily as a result of a relatively strong performance in the Natural Gas segment.

#### *Net Cash Used in Investing Activities*

In 2023, the Group's cash used in investing activities amounted to €64,117 thousand, primarily as a result of the capital expenditures into the Group's electricity and natural gas distribution networks as well as investments into renewable electricity generation plants via both share (including the Enex Nalbant, Da Vinci New Project, and Alive Sun Power Two acquisitions) and asset (including Alive Sun Power One) acquisition types as well as investments into the construction of new plants (including the solar plants in Moldova). In 2022, the Group's cash used in investing activities amounted to €47,120 thousand, primarily as a result of the capital expenditures into the Group's electricity and natural gas distribution networks as well as the acquisitions of the stakes in Ecoenergia, Alive Energy, Energia Mileniului III, Hargaz, and True Energy Management. In 2021, The Group's cash used in investing activities amounted to €9,295 thousand, primarily as a result of the capital expenditures into the Group's electricity and natural gas distribution networks partially offset by loans repaid in the amount of €7,127 thousand.

#### *Net Cash Used in Financing Activities*

In 2023, the Group's net cash used in financing activities amounted to €22,137 thousand, primarily used in dividend payments of €28,748 thousand, partially offset by proceeds from interest-bearing loans being €94,941 while repayments were €86,870 thousand. In 2022, the Group's net cash used in financing activities amounted to €20,741 thousand, primarily as a result of net refinancing of interest-bearing loans and borrowings as well as €3,087 thousand in dividends paid for the year. In 2021, The Group's net cash used in financing activities amounted to €8,517 thousand primarily reflecting a net increase to proceeds from interest-bearing loans.

#### *Financial liabilities*

The Group's debt obligations as of the date of this Prospectus are described in detail under section "Material Contracts – Loan Agreements". Indebtedness of Group (calculated as liabilities due to banks and other financial institutions) amounted to €153,475 thousand as of 31 December 2023.

The following tables provides an overview of the Group's principal external bank, related party debt and lease obligations as of 31 December 2023:

#### *Liabilities due to banks and other financial institutions:*

| As at 31 December 2023    | Currency | Maturity   | Interest rate      | Outstanding principal and interest<br>€ thousand |
|---------------------------|----------|------------|--------------------|--------------------------------------------------|
| A Secured bank loan ..... | EUR      | 31.12.2024 | 2.10% + EURIBOR 1M | 31,804                                           |



| As at 31 December 2023 | Currency | Maturity   | Interest rate                      | Outstanding principal and interest<br>€ thousand |
|------------------------|----------|------------|------------------------------------|--------------------------------------------------|
| B Secured bank loan    | MDL      | 17.05.2024 | 4.60% + NBM MDL reference index    | 1,618                                            |
| C Secured bank loan    | USD      | 03.03.2031 | 2.80% + 6M CME TERM SOFR           | 5,711                                            |
| D Secured bank loan    | USD      | 02.03.2031 | 5.00% + Compounded SOFR Index Rate | 5,776                                            |
| E Secured bank loan    | MDL      | 31.01.2028 | 4.60% + NBM MDL reference index    | 580                                              |
| F Secured bank loan    | EUR      | 17.03.2029 | 4.95% + EURIBOR 3M                 | 16,293                                           |
| G Secured bank loan    | EUR      | 30.06.2027 | 4.90% + EURIBOR 12M                | 83,643                                           |
| H Secured bank loan    | EUR      | 05.12.2030 | 3.50% + EURIBOR 3M                 | 238                                              |
| I Secured bank loan    | EUR      | 28.02.2023 | 4.95% + EURIBOR 3M                 | 7,812                                            |
|                        |          |            |                                    | <b>153,475</b>                                   |

#### Liabilities from related and third parties:

| 2023                       | Currency | Maturity | Interest rate | Outstanding principal and interest<br>€ thousand |
|----------------------------|----------|----------|---------------|--------------------------------------------------|
| A. Loan from related party | EUR      | 2024     | 6.65%         | 547                                              |
|                            |          |          |               | <b>547</b>                                       |
| A. Loan from third party   | EUR      | 2024     | 0.00%         | 652                                              |
| B. Loan from third party   | RON      | 2024     | 11.44%        | 119                                              |
|                            |          |          |               | <b>771</b>                                       |

#### Commitments and Contingent liabilities

Except as described below, the Group is not party to any off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on the Groups' financial condition, results of operations, liquidity, capital expenditure or capital resources.

##### Contractual commitments

According to Moldovan ANRE decision No. 64 dated 22 February 2018 regarding the approval of methodology for electricity distribution tariff calculation, the Group carries out capital investments within the energy sector in order to improve or extend the infrastructure network in Moldova.

According to certain service concession contracts, the Group has investment commitments for gas network construction in Romania of approximately 186 km with an estimated value of €14 million to be developed over the next few years.

##### Financial commitments

As at 31 December 2023, the Group had issued letters of guarantee for payment, good execution and tender participation in total amount of €14,285 thousand (2022: €22,562 thousand; 2021: €4,584 thousand).

##### Capital expenditure

The table below shows a breakdown of the Group's capital expenditure in 2023, 2022 and 2021 fiscal years as well as by reporting segment:

| Capital Expenditure (in € thousand) | Romania<br>Renewable<br>Energy | Natural Gas | Moldova<br>Electricity | Corporate | Total  | As a % of<br>Group<br>Revenues |
|-------------------------------------|--------------------------------|-------------|------------------------|-----------|--------|--------------------------------|
| 2023                                | 12,604                         | 21,159      | 25,718                 | —         | 59,481 | 7%                             |
| 2022                                | 609                            | 18,662      | 17,357                 | —         | 36,628 | 3%                             |
| 2021                                | —                              | 3,981       | 13,651                 | —         | 17,632 | 4%                             |

For the year ended 31 December 2023, the Group's capital expenditure totalled €59,481 thousand. Capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment



represents primarily investments into the natural gas distribution network (and will become part of RAB in Romania). Approximately €19.1 million of the capital expenditure within the Moldova Electricitǎȝ segment was invested into the electricity distribution network (and will become part of RAB in Moldova) while approximately €6.6 million was an investment into new renewable energy generation assets.

For the year ended 31 December 2022, the Group's capital expenditure totalled €36,628 thousand. The funds were primarily used for investments in the Romanian natural gas distribution network (RAB) as well as the Moldovan electricity distribution network (RAB).

For the year ended 31 December 2021, the Group's capital expenditure totalled €17,632 thousand. The funds were primarily used for investments in the Moldovan electricity distribution network (RAB).

In the medium-term, the Group plans on increasing its property, plant and equipment and other intangible investments. Both in terms of Romanian RAB and Moldovan RAB investments, yearly capital expenditure is expected to stay in line with 2023 levels. Additionally, the Group expects to make other investments in wind and solar power generation projects both through development and acquisitions. Considerable funds will be allocated to the development of a portfolio of renewable projects totalling approximately €200 million in future expected capital expenditure and comprising of approximately 204MW of energy generation capacity (c. 121 MW wind power and c. 83 MW solar) as well as c. 5 MW in energy storage. The Group expects to finance planned capital expenditure through a mixture of net proceeds from the IPO as well as free cash flow.

#### **Qualitative and Quantitative Disclosures on Financial Risk**

The risk management function within the Group is carried out in respect of financial risks (credit, liquidity and market risk), alongside the Group's operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The Group has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, market risk (Interest rate and foreign currency risk) as well as operational risks and legal risks.

##### ***Credit Risk***

Credit risk is the risk of financial loss occurring as a result of default by a debtor or counterparty on their obligation to the Group. The majority of the Group's exposure to credit risk arises in connection with the bank deposits, provided loans, receivables and other financial assets which relate to the Group's principal business. The remaining part of the Group's exposures to credit risk is related to due from banks and other financial institutions and other financial assets

##### ***Liquidity Risk***

Liquidity risk is managed by ensuring that there are sufficient financial resources to meet the obligations associated with financial liabilities. Cautious liquidity risk management assumes maintenance of a sufficient amount of cash and the availability of required external financing in terms of loans and borrowings.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

##### ***Market Risk***

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The majority of the Group's exposure to market risk arises in connection with the funding of the Group's operations with liabilities denominated in foreign currencies and to the extent the term structure of interest-bearing assets differs from that of liabilities.

Market risk includes currency risk and interest rate risk. Management's objectives are to use natural hedging only. The borrowings are secured by the majority of the Group's receivables.





The principal risk to which the Group is exposed to is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. As part of its management of this position, the Group may use interest rate derivatives.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

#### *Foreign currency risk*

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the EUR, RON and MLD. The currencies in which these transactions are primarily denominated are EUR, USD, RON and MLD.

Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency. Foreign currency risk is managed principally through monitoring foreign currency mismatches in the structure of assets and liabilities in the individual Group's country operations.

Net investments in foreign operations are not hedged. As a result, the Group's financial position is adequately sensitive to movements of the relevant foreign exchange rates. Impact of such foreign exchange rate changes on the Group's net investment in foreign operations is presented as currency translation in the special purpose consolidated statement of changes in equity.

#### *Operational risk*

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure supporting the activities with financial instruments, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities. The Group's objective is to manage operational risk so as to balance the limiting of financial losses and damage to the Group's reputation with achieving its investment objective of generating returns to investors.

#### *Legal risk*

Legal risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations

Please see also note 4 to the Group's Audited Special Purpose Consolidated Financial Statements, for more qualitative and quantitative disclosures on financial risk for the Group.

#### **Critical Accounting Policies and Estimates**

The preparation of the Group's Audited Special Purpose Consolidated Financial Statements requires Management to make assumptions, undertake estimates and exercise judgement that affect the reported amount of assets and liabilities at the balance sheet date and the reported amounts of revenue and expenses during the fiscal period. See the Note 3 and Note 4 to the Audited Special Purpose Consolidated Financial Statements for further information. All assumptions, expectations and forecasts used as a basis for certain estimates within the Audited Special Purpose Consolidated Financial Statements represent good-faith assessments of the Group's future performance for which Management believes there is a reasonable basis. Estimates and judgements used in the determination of reported results are continuously evaluated.

Assumptions, estimates and judgements are based on historical experience and on various other factors that management believes to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.



## 12. UNAUDITED PRO FORMA FINANCIAL INFORMATION

On 21 December 2023, the Group signed a share purchase agreement for the acquisitions of a 100% share stake in CEZ Vanzare, an electricity and gas supply business providing approximately 3,157 GWh of electricity and gas to its customers and the acquisition took effect on 15 April 2024. The acquisition under consideration has satisfied the significance criteria set forth by the European Securities and Markets Authority (ESMA). Therefore, the unaudited pro forma financial information of the Group presented in this section and other places of this Prospectus has been prepared to illustrate the effect of the acquisition of CEZ Vanzare on the Group's Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023 had the acquisitions taken place on 1 January 2023 and on the Group's Statement of Financial Position as of 31 December 2023 had the acquisition of CEZ Vanzare taken place on 31 December 2023.

The unaudited pro forma Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023 and Statement of Financial Position as of 31 December 2023 have been prepared for illustrative purposes only and, because of their nature, address a hypothetical situation and do not, therefore, represent the Group's actual financial position or results. Prospective investors should read the whole Prospectus and not rely solely on the unaudited financial information in this section.

Ernst & Young Cyprus Limited's Assurance Report on the Compilation of the Pro Forma Consolidated Financial Information is set out in this section. For more information on the pro forma financial information included in this Prospectus, see section "PRESENTATION OF FINANCIAL AND OTHER INFORMATION—Pro Forma Financial Information".

### **Section A: Independent Auditor's Assurance Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus**

#### **Independent Auditor's Assurance Report on the Compilation of Pro Forma Consolidated Financial Information Included in a Prospectus**

To the Members of Premier Energy PLC

We have completed our assurance engagement to report on the compilation of pro forma consolidated financial information of Premier Energy PLC (the "Company") prepared by the Board of Directors. The pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 December 2023, the pro forma consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2023, and related notes. The applicable criteria on the basis of which the Board of Directors has compiled the pro forma consolidated financial information are specified in Commission Delegated Regulation (EU) 2019/980 and described in Notes 2 and 3 to the pro forma consolidated financial information.

The pro forma consolidated financial information has been compiled by the Board of Directors to illustrate the impact of the acquisition of CEZ Vanzare S.A set out in Note 1 on the Company's consolidated financial position as at 31 December 2023 and its consolidated financial performance for the year ended 31 December 2023 as if the acquisition had taken place at 31 December 2023 and for the year ended 31 December 2023 respectively. As part of this process, information about the Company's consolidated financial position and consolidated financial performance has been extracted by the Board of Directors from the Company's special purpose consolidated financial statements for the year ended 31 December 2023, on which an audit report has been published.

#### *The Board of Directors Responsibility for the Pro Forma Consolidated Financial Information*

The Board of Directors of Premier Energy PLC is responsible for compiling the pro forma consolidated financial information on the basis of the Commission Delegated Regulation (EU) 2019/980 and described in Note 3 to the pro forma consolidated financial information.

#### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The firm





applies International Standard on Quality Management 1, *Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* which requires that we design, implement and operate a system of quality management including policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Auditor's responsibility*

Our responsibility is to express an opinion as required by Section 3, of Annex 20 of the Commission Delegated Regulation (EU) 2019/980 about whether the pro forma Consolidated financial information has been compiled, in all material respects, by the Board of Directors on the basis as described in Note 3 to the pro forma consolidated financial information.

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the International Auditing and Assurance Standards Board. This standard requires that the auditor plan and perform procedures to obtain reasonable assurance about whether the Board of Directors has compiled, in all material respects, the pro forma consolidated financial information on the basis as described in Note 3 to the pro forma consolidated financial information.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma consolidated financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma consolidated financial information.

The purpose of pro forma consolidated financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Company as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction entered into on 21 December 2023 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma consolidated financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Board of Directors in the compilation of the pro forma consolidated financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The pro forma consolidated financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the auditor's judgment, having regard to the auditor's understanding of the nature of the Company, the event or transaction in respect of which the pro forma consolidated financial information has been compiled, and other relevant engagement circumstances. The engagement also involves evaluating the overall presentation of the pro forma consolidated financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Opinion*

In our opinion, the pro forma consolidated financial information has been properly compiled on the basis stated and that basis is consistent with the accounting policies of the Company.

Andreas Avraamides  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Ernst & Young Cyprus Limited**  
**Certified Public Accountants and Registered Auditors**



Nicosia, 16 April 2024

**Section B: Unaudited Pro Forma Financial Information**

**Unaudited pro forma consolidated statement of financial position as at 31 December 2023**

|                                                    | As at 31 December 2023                                                             |                                                                                        |                                                                                              |                                                           |      |                                                               |
|----------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-----------------------------------------------------------|------|---------------------------------------------------------------|
|                                                    | Premier Energy PLC audited historical consolidated statement of financial position | CEZ Vanzare SA unaudited statement of financial position in accordance with local GAAP | CEZ Vanzare SA accounting policy and IFRS adjustments and reclassifications (in € thousands) | CEZ Vanzare SA transaction related acquisition accounting | Note | Proforma balance (adjusted for acquisition of CEZ Vanzare SA) |
| <b>ASSETS</b>                                      |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| <b>Non-current assets</b>                          |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| Intangible assets and goodwill                     | 47,759                                                                             | 292                                                                                    | --                                                                                           | --                                                        |      | 48,051                                                        |
| Property, plant and equipment                      | 399,132                                                                            | 15                                                                                     | 406                                                                                          | --                                                        | 4A   | 399,553                                                       |
| Investment in equity-accounted investees           | 199                                                                                | --                                                                                     | --                                                                                           | --                                                        |      | 199                                                           |
| Loans receivable                                   | 4,855                                                                              | --                                                                                     | --                                                                                           | --                                                        |      | 4,855                                                         |
| Trade receivables                                  | 1,146                                                                              | --                                                                                     | --                                                                                           | --                                                        |      | 1,146                                                         |
| Other assets                                       | 14,057                                                                             | --                                                                                     | --                                                                                           | --                                                        |      | 14,057                                                        |
| Green certificates                                 | 1,090                                                                              | --                                                                                     | --                                                                                           | --                                                        |      | 1,090                                                         |
| Restricted deposits                                | 2,303                                                                              | --                                                                                     | --                                                                                           | --                                                        |      | 2,303                                                         |
| Deferred tax assets                                | 438                                                                                | --                                                                                     | 3,339                                                                                        | --                                                        | 4B   | 3,777                                                         |
| <b>Total non-current assets</b>                    | <b>470,979</b>                                                                     | <b>307</b>                                                                             | <b>3,745</b>                                                                                 | <b>--</b>                                                 |      | <b>475,031</b>                                                |
| <b>Current assets</b>                              |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| Loans receivable                                   | 201                                                                                | --                                                                                     | --                                                                                           | --                                                        |      | 201                                                           |
| Current income tax assets                          | 26                                                                                 | --                                                                                     | --                                                                                           | --                                                        |      | 26                                                            |
| Trade receivables                                  | 87,240                                                                             | 51,637                                                                                 | (312)                                                                                        | --                                                        | 4C   | 138,565                                                       |
| Inventories                                        | 35,424                                                                             | 3,937                                                                                  | --                                                                                           | --                                                        |      | 39,361                                                        |
| Other assets                                       | 45,386                                                                             | 137,078                                                                                | --                                                                                           | --                                                        |      | 182,464                                                       |
| Green certificates                                 | 3,895                                                                              | --                                                                                     | --                                                                                           | --                                                        |      | 3,895                                                         |
| Restricted deposits                                | 5,638                                                                              | --                                                                                     | --                                                                                           | --                                                        |      | 5,638                                                         |
| Contract assets                                    | 779                                                                                | --                                                                                     | --                                                                                           | --                                                        |      | 779                                                           |
| Cash at bank and in hand                           | 81,272                                                                             | 7,939                                                                                  | --                                                                                           | (20,404)                                                  | 5    | 68,807                                                        |
| <b>Total current assets</b>                        | <b>259,861</b>                                                                     | <b>200,591</b>                                                                         | <b>(312)</b>                                                                                 | <b>(20,404)</b>                                           |      | <b>439,736</b>                                                |
| <b>Total assets</b>                                | <b>730,840</b>                                                                     | <b>200,898</b>                                                                         | <b>3,433</b>                                                                                 | <b>(20,404)</b>                                           |      | <b>914,767</b>                                                |
| <b>EQUITY</b>                                      |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| Share capital                                      | 100                                                                                | 8,092                                                                                  | 944                                                                                          | (9,036)                                                   | 4D   | 100                                                           |
| Share premium                                      | 22,457                                                                             | --                                                                                     | --                                                                                           | --                                                        |      | 22,457                                                        |
| Common control transaction reserve                 | (5,018)                                                                            | --                                                                                     | --                                                                                           | --                                                        |      | (5,018)                                                       |
| Revaluation reserves                               | 46,790                                                                             | --                                                                                     | --                                                                                           | --                                                        |      | 46,790                                                        |
| Translation reserve                                | (18)                                                                               | (182)                                                                                  | --                                                                                           | 182                                                       | 4D   | (18)                                                          |
| Legal reserve                                      | 3,434                                                                              | 1,618                                                                                  | --                                                                                           | (1,618)                                                   | 4D   | 3,434                                                         |
| Other reserves                                     | --                                                                                 | (25)                                                                                   | 10                                                                                           | 15                                                        | 4D   | --                                                            |
| Retained earnings                                  | 232,122                                                                            | 15,071                                                                                 | 1,184                                                                                        | (16,255)                                                  | 4D   | 232,122                                                       |
| Profit for the year                                | 65,871                                                                             | 6,232                                                                                  | 878                                                                                          | 6,308                                                     | 4D   | 79,289                                                        |
| Equity attributable to shareholders of the Company | 365,738                                                                            | 30,806                                                                                 | 3,016                                                                                        | (20,404)                                                  |      | 379,156                                                       |
| Non-controlling interests                          | 39,247                                                                             | --                                                                                     | --                                                                                           | --                                                        |      | 39,247                                                        |
| <b>Total equity</b>                                | <b>404,985</b>                                                                     | <b>30,806</b>                                                                          | <b>3,016</b>                                                                                 | <b>(20,404)</b>                                           |      | <b>418,403</b>                                                |
| <b>LIABILITIES</b>                                 |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| <b>Non-current liabilities</b>                     |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| Provisions                                         | 6,227                                                                              | 555                                                                                    | --                                                                                           | --                                                        |      | 6,782                                                         |
| Due to banks and other financial institutions      | 100,379                                                                            | --                                                                                     | --                                                                                           | --                                                        |      | 100,379                                                       |
| Trade payables                                     | 38                                                                                 | --                                                                                     | --                                                                                           | --                                                        |      | 38                                                            |
| Lease liabilities                                  | 4,542                                                                              | --                                                                                     | 307                                                                                          | --                                                        | 4A   | 4,849                                                         |
| Other liabilities                                  | 38,040                                                                             | --                                                                                     | --                                                                                           | --                                                        |      | 38,040                                                        |
| Deferred tax liabilities                           | 22,579                                                                             | --                                                                                     | --                                                                                           | --                                                        |      | 22,579                                                        |
| <b>Total non-current liabilities</b>               | <b>171,805</b>                                                                     | <b>555</b>                                                                             | <b>307</b>                                                                                   | <b>--</b>                                                 |      | <b>172,667</b>                                                |
| <b>Current liabilities</b>                         |                                                                                    |                                                                                        |                                                                                              |                                                           |      |                                                               |
| Bank overdrafts                                    | --                                                                                 | 10,863                                                                                 | --                                                                                           | --                                                        |      | 10,863                                                        |



| As at 31 December 2023                                                             |                                                                                        |                                                                             |                                                           |                 |                                                               |
|------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|-----------------|---------------------------------------------------------------|
| Premier Energy PLC audited historical consolidated statement of financial position | CEZ Vanzare SA unaudited statement of financial position in accordance with local GAAP | CEZ Vanzare SA accounting policy and IFRS adjustments and reclassifications | CEZ Vanzare SA transaction related acquisition accounting | Note            | Proforma balance (adjusted for acquisition of CEZ Vanzare SA) |
| (in € thousands)                                                                   |                                                                                        |                                                                             |                                                           |                 |                                                               |
| Provisions                                                                         | 2,698                                                                                  | 17,931                                                                      | --                                                        | --              | 20,629                                                        |
| Due to non-banks                                                                   | 1,318                                                                                  | --                                                                          | --                                                        | --              | 1,318                                                         |
| Due to banks and other financial institutions                                      | 53,096                                                                                 | 63,333                                                                      | --                                                        | --              | 116,429                                                       |
| Current income tax liabilities                                                     | 3,946                                                                                  | 452                                                                         | --                                                        | --              | 4,398                                                         |
| Trade payables                                                                     | 46,740                                                                                 | 34,589                                                                      | (12)                                                      | --              | 81,317                                                        |
| Contract liabilities                                                               | 17,574                                                                                 | --                                                                          | --                                                        | --              | 17,574                                                        |
| Lease liabilities                                                                  | 674                                                                                    | --                                                                          | 122                                                       | --              | 796                                                           |
| Other liabilities                                                                  | 28,004                                                                                 | 42,369                                                                      | --                                                        | --              | 70,373                                                        |
| <b>Total current liabilities</b>                                                   | <b>154,050</b>                                                                         | <b>169,537</b>                                                              | <b>110</b>                                                | <b>--</b>       | <b>323,697</b>                                                |
| <b>Total liabilities</b>                                                           | <b>325,855</b>                                                                         | <b>170,092</b>                                                              | <b>417</b>                                                | <b>--</b>       | <b>496,364</b>                                                |
| <b>Total liabilities and equity</b>                                                | <b>730,840</b>                                                                         | <b>200,898</b>                                                              | <b>3,433</b>                                              | <b>(20,404)</b> | <b>914,767</b>                                                |

**Unaudited Pro Forma Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2023**

| For the year ended 31 December 2023                                                                           |                                                                                                                   |                                                                             |                                                           |               |                                                               |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|---------------|---------------------------------------------------------------|
| Premier Energy PLC audited historical consolidated statement of profit or loss and other comprehensive income | CEZ Vanzare SA unaudited statement of profit or loss and other comprehensive income in accordance with local GAAP | CEZ Vanzare SA accounting policy and IFRS adjustments and reclassifications | CEZ Vanzare SA transaction related acquisition accounting | Note          | Proforma results (adjusted for acquisition of CEZ Vanzare SA) |
| (in € thousands)                                                                                              |                                                                                                                   |                                                                             |                                                           |               |                                                               |
| Revenues                                                                                                      | 911,975                                                                                                           | 384,519                                                                     | --                                                        | --            | 1,296,494                                                     |
| Other operating income                                                                                        | 34,838                                                                                                            | 219,877                                                                     | --                                                        | --            | 254,715                                                       |
| Gain on bargain purchase                                                                                      | 4,037                                                                                                             | --                                                                          | --                                                        | 13,418        | 17,455                                                        |
| <b>Cost of electricity, gas and transportation</b>                                                            | <b>(738,602)</b>                                                                                                  | <b>(564,313)</b>                                                            | <b>--</b>                                                 | <b>--</b>     | <b>(1,302,916)</b>                                            |
| Raw materials and consumables used                                                                            | (4,847)                                                                                                           | --                                                                          | --                                                        | --            | (4,847)                                                       |
| Depreciation and amortisation                                                                                 | (19,109)                                                                                                          | (183)                                                                       | (92)                                                      | --            | (19,384)                                                      |
| Services and material expenses                                                                                | (46,021)                                                                                                          | (21,450)                                                                    | 120                                                       | --            | (67,351)                                                      |
| Personnel expenses                                                                                            | (28,761)                                                                                                          | (7,061)                                                                     | --                                                        | --            | (35,822)                                                      |
| Other operating expenses                                                                                      | (1,960)                                                                                                           | --                                                                          | --                                                        | --            | (1,960)                                                       |
| Reversal of impairment on loans and receivables                                                               | 1,108                                                                                                             | 1,056                                                                       | 113                                                       | --            | 2,277                                                         |
| Finance income                                                                                                | 2,323                                                                                                             | 305                                                                         | (1)                                                       | --            | 2,628                                                         |
| Finance expenses                                                                                              | (12,683)                                                                                                          | (4,721)                                                                     | (2)                                                       | --            | (17,406)                                                      |
| <b>Profit before tax</b>                                                                                      | <b>102,298</b>                                                                                                    | <b>8,029</b>                                                                | <b>138</b>                                                | <b>13,418</b> | <b>123,883</b>                                                |
| Income tax expense                                                                                            | (23,336)                                                                                                          | (1,797)                                                                     | 740                                                       | --            | (24,393)                                                      |
| <b>Profit after tax</b>                                                                                       | <b>78,962</b>                                                                                                     | <b>6,232</b>                                                                | <b>878</b>                                                | <b>13,418</b> | <b>99,490</b>                                                 |
| <b>Other comprehensive income:</b>                                                                            |                                                                                                                   |                                                                             |                                                           |               |                                                               |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b>                                  |                                                                                                                   |                                                                             |                                                           |               |                                                               |
| Translation reserves changes                                                                                  | 8,064                                                                                                             | --                                                                          | --                                                        | --            | 8,064                                                         |
| <b>Items that will never be reclassified to profit or loss:</b>                                               |                                                                                                                   |                                                                             |                                                           |               |                                                               |
| Revaluation of property, plant and equipment                                                                  | 8,907                                                                                                             | --                                                                          | --                                                        | --            | 8,907                                                         |





| For the year ended 31 December 2023                                                                           |                                                                                                                   |                                                                             |                                                           |               |                                                                |  |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------|---------------|----------------------------------------------------------------|--|
| Premier Energy PLC audited historical consolidated statement of profit or loss and other comprehensive income | CEZ Vanzare SA unaudited statement of profit or loss and other comprehensive income in accordance with local GAAP | CEZ Vanzare SA accounting policy and IFRS adjustments and reclassifications | CEZ Vanzare SA transaction related acquisition accounting | Note          | Pro forma results (adjusted for acquisition of CEZ Vanzare SA) |  |
|                                                                                                               |                                                                                                                   | (in € thousands)                                                            |                                                           |               |                                                                |  |
| Actuarial losses on employees benefits                                                                        | --                                                                                                                | (33)                                                                        | --                                                        | 4E            | (33)                                                           |  |
| Tax impact for actuarial losses                                                                               | --                                                                                                                | 5                                                                           | --                                                        | 4E            | 5                                                              |  |
| <b>Other comprehensive income for the year</b>                                                                | <b>16,971</b>                                                                                                     | <b>(28)</b>                                                                 | <b>--</b>                                                 |               | <b>16,943</b>                                                  |  |
| <b>Total comprehensive income for the year</b>                                                                | <b>95,933</b>                                                                                                     | <b>6,232</b>                                                                | <b>850</b>                                                | <b>13,418</b> | <b>116,433</b>                                                 |  |
| Total profit attributable to:                                                                                 |                                                                                                                   |                                                                             |                                                           |               |                                                                |  |
| Shareholders of the Company                                                                                   | 65,871                                                                                                            | 6,232                                                                       | 878                                                       | 13,418        | 86,399                                                         |  |
| Non-controlling interests                                                                                     | 13,091                                                                                                            | --                                                                          | --                                                        | --            | 13,091                                                         |  |
|                                                                                                               | <b>78,962</b>                                                                                                     | <b>6,232</b>                                                                | <b>878</b>                                                | <b>13,418</b> | <b>99,490</b>                                                  |  |
| Total comprehensive income attributable to:                                                                   |                                                                                                                   |                                                                             |                                                           |               |                                                                |  |
| Shareholders of the Company                                                                                   | 82,355                                                                                                            | 6,232                                                                       | 850                                                       | 13,418        | 102,855                                                        |  |
| Non-controlling interests                                                                                     | 13,578                                                                                                            | --                                                                          | --                                                        | --            | 13,578                                                         |  |
|                                                                                                               | <b>95,933</b>                                                                                                     | <b>6,232</b>                                                                | <b>850</b>                                                | <b>13,418</b> | <b>116,433</b>                                                 |  |

## Notes to the unaudited consolidated pro forma financial information

### 1. Introduction

Premier Energy PLC (the "Company") is an enterprise based in Cyprus. The audited historical consolidated financial information as at and for the year ended 31 December 2023 comprises the Company and its subsidiaries (the "Group"). The Group's three core business sectors are (i) renewable energy generation, management and supply in Romania, (ii) distribution and supply of natural gas to household and non-household customers in Romania and (iii) distribution and supply of electricity to household and non-household consumers in Moldova and renewable energy generation and management in Moldova. On 21 December 2023, Premier Energy PLC entered into a sale and purchase agreement for the acquisition of the entire share capital of the Romanian company CEZ Vanzare S.A., an electricity and gas supply business with operations in Romania, for the consideration of TEUR 20,000 thousand plus annualized interest of 10% between the signing date of 21 December 2023 and closing less a lockbox mechanism starting on 1 January 2024 (the "Acquisition"). The Acquisition received Romanian Competition Council approval on 14 March 2024 and Foreign Direct Investment approval on 29 March 2024. The Group closed the Acquisition on 15 April 2024 and will be consolidating CEZ Vanzare S.A. starting from 15 April 2024.

### 2. Purpose of the unaudited consolidated pro forma financial information

The Board of Directors has prepared this unaudited pro forma consolidated financial information to illustrate the effects of the Acquisition describe in Note 1 on (i) the financial position of the Group as if the acquisition had taken place on 31 December 2023, and (ii) the operational performance of the Group for the twelve months period ended 31 December 2023, as if the Acquisition had been completed on 1 January 2023.

The unaudited pro forma consolidated financial information consists of the pro forma consolidated statement of financial position as at 31 December 2023, the pro forma consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2023 and selected notes.

The unaudited pro forma financial information has been compiled on a basis consistent with the accounting policies adopted by Premier Energy PLC in preparing its consolidated financial statements for the year ended 31 December 2023, and prepared on the basis of the notes set out below and in accordance with items 1 and 2 of Annex 20 of Commission Delegated Regulation (EU) 2019/980.



The pro forma adjustments are included only to the extent they are (i) directly attributable to the Acquisition, (ii) factually supportable, and (iii) with respect to the statements of operations only, expected to have a continuing impact on the combined results.

The unaudited pro forma consolidated statement of financial position and unaudited pro forma consolidated statement of profit or loss and other comprehensive income describes a hypothetical situation and has been prepared solely for illustrative purposes and does not purport to represent what the actual consolidated financial position or actual consolidated results of operations of the Group would have been had the acquisition occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations.

In addition, the unaudited pro forma consolidated financial information is based on available information and various assumptions that the Board of Directors believes to be reasonable. The actual results may differ from those reflected in the unaudited pro forma consolidated financial information for a number of reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma consolidated financial information and actual amounts.

No synergies or integration costs of the Acquisition have been taken into consideration in the preparation of the unaudited pro forma consolidated financial information.

### 3. Basis of preparation

The historical consolidated statement of financial position and historical consolidated of profit or loss and other comprehensive income of Premier Energy PLC have been extracted, without material adjustment, from the audited special purpose consolidated financial statements for the year ended 31 December 2023 prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and shown in Euro included in this Prospectus.

#### *CEZ Vanzare S.A. historical financial statements*

CEZ Vanzare S.A.'s historical balances were derived, without material adjustment, from its audited (audited by its statutory auditor, not being Ernst & Young Cyprus Limited) historical financial statements for the year ended 31 December 2023 presented under Romanian GAAP and shown in RON, which are not included or incorporated by reference in this prospectus. These have been converted from RON to Euro based on historical exchange rates. The historical statement of financial position of CEZ Vanzare S.A. as of 31 December 2023 was translated using the closing rate on 31 December 2023 (4.9756 RON/Euro). The historical statement of profit or loss and other comprehensive income of CEZ Vanzare S.A. were translated using the average exchange rate for the year ended 31 December 2023 (4.9467 RON/Euro).

The historical balances reflect certain reclassifications of CEZ Vanzare S.A.'s statement of financial position and statement of profit or loss and other comprehensive income and categories to conform to Premier Energy PLC's presentation and are summarized below:

| Statutory financial statement caption                                                                | Statutory FS Row no. | RON thousand<br>December 31 <sup>a</sup> |  | Pro forma caption              | RON thousand<br>December 31 <sup>a</sup> |  | EUR thousand<br>December 31 <sup>a</sup> |  |
|------------------------------------------------------------------------------------------------------|----------------------|------------------------------------------|--|--------------------------------|------------------------------------------|--|------------------------------------------|--|
|                                                                                                      |                      | 2023                                     |  |                                | 2023                                     |  | 2023                                     |  |
| FIXED ASSETS                                                                                         |                      |                                          |  |                                |                                          |  |                                          |  |
| I. INTANGIBLE ASSETS                                                                                 |                      |                                          |  |                                |                                          |  |                                          |  |
| 3. Concessions, patents, licenses, trademarks, rights and similar assets and other intangible assets | 3                    | 653                                      |  | Intangible assets and goodwill | 653                                      |  | 131                                      |  |
| 6. Prepayments                                                                                       | 6                    | 801                                      |  | Intangible assets and goodwill | 801                                      |  | 161                                      |  |
| II. TANGIBLE ASSETS                                                                                  |                      |                                          |  |                                |                                          |  |                                          |  |
| 2. Technical plants and machinery                                                                    | 9                    | 76                                       |  | Property, plant and equipment  | 76                                       |  | 15                                       |  |
| III. FINANCIAL FIXED ASSETS                                                                          |                      |                                          |  |                                |                                          |  |                                          |  |
| 5. Other fixed securities                                                                            | 23                   | 2                                        |  | Other assets                   | 2                                        |  | 0                                        |  |
| FIXED ASSETS – TOTAL (row 07+17+24)                                                                  | 25                   | 1 531                                    |  | sub-total                      | 1 531                                    |  | 307                                      |  |
| CURRENT ASSETS                                                                                       |                      |                                          |  |                                |                                          |  |                                          |  |
| I. STOCKS                                                                                            |                      |                                          |  |                                |                                          |  |                                          |  |
| 1. Raw materials and consumables                                                                     | 38                   | 19 589                                   |  | Inventories                    | 19 589                                   |  | 3 937                                    |  |
| II. RECEIVABLES                                                                                      |                      |                                          |  |                                |                                          |  |                                          |  |
| 1. Trade receivables                                                                                 | 31                   | 228 236                                  |  | Trade receivables              | 228 236                                  |  | 45 992                                   |  |
| 4. Other receivables                                                                                 | 34                   | 692 152                                  |  | Other assets                   | 681 530                                  |  | 137 078                                  |  |
|                                                                                                      |                      |                                          |  | Trade receivables              | 10 622                                   |  | 2 135                                    |  |
| IV. CASH AT BANK AND ON HAND                                                                         |                      |                                          |  |                                |                                          |  |                                          |  |
|                                                                                                      | 40                   | 56 962                                   |  | Cash at bank and in hand       | 39 499                                   |  | 7 939                                    |  |
|                                                                                                      |                      |                                          |  | Trade receivables              | 17 463                                   |  | 3 510                                    |  |





| Statutory financial statement caption                                    | Statutory FS Row no. | RON thousand<br>December 31* |                                                                  | RON thousand<br>December 31* |  | EUR thousand<br>December 31* |  |
|--------------------------------------------------------------------------|----------------------|------------------------------|------------------------------------------------------------------|------------------------------|--|------------------------------|--|
|                                                                          |                      | 2023                         | Pro forma caption                                                | 2023                         |  | 2023                         |  |
| CURRENT ASSETS (row 30 + 36 + 39 + 40)                                   | 41                   | 996 939                      | sub-total                                                        | 996 939                      |  | 200 591                      |  |
| ACCRUED EXPENSES (43 + 44)                                               | 42                   | 514                          | Other liabilities                                                | 514                          |  | 103                          |  |
| <b>PAYABLES: AMOUNTS TO BE PAID IN A PERIOD OF UP TO ONE YEAR</b>        |                      |                              |                                                                  |                              |  |                              |  |
| 2. Amounts to be paid to credit institutions                             | 46                   | 369 171                      | Bank overdrafts<br>Due to banks and other financial institutions | 54 050                       |  | 10 863                       |  |
| 3. Prepayments received in the account of orders                         | 47                   | 3 128                        | Trade payables                                                   | 315 121                      |  | 63 333                       |  |
| 4. Trade payables - suppliers                                            | 48                   | 127 594                      | Trade payables                                                   | 1 128                        |  | 629                          |  |
|                                                                          |                      |                              | Other liabilities                                                | 161 802                      |  | 32 536                       |  |
| 8. Other payables, including taxes and other social security liabilities | 52                   | 36 618                       | Current income tax liabilities                                   | 165 792                      |  | 33 321                       |  |
|                                                                          |                      |                              | Other liabilities                                                | 2 248                        |  | 452                          |  |
|                                                                          |                      |                              | Trade payables                                                   | 27 344                       |  | 5 496                        |  |
|                                                                          |                      |                              |                                                                  | 7 026                        |  | 1 412                        |  |
| NET CURRENT ASSETS / NET CURRENT LIABILITIES                             | 54                   | 260 881                      | sub-total                                                        | 260 881                      |  | 52 549                       |  |
| TOTAL ASSETS MINUS CURRENT LIABILITIES                                   | 55                   | 262 412                      | sub-total                                                        | 262 412                      |  | 52 856                       |  |
| <b>PAYABLES: AMOUNTS TO BE PAID IN A PERIOD LONGER THAN ONE YEAR</b>     |                      |                              |                                                                  |                              |  |                              |  |
| 8. Other payables, including taxes and other social security liabilities | 63                   | 11 209                       | Other liabilities                                                | 11 209                       |  | 2 253                        |  |
| <b>PROVISIONS</b>                                                        |                      |                              |                                                                  |                              |  |                              |  |
| 1. Provisions for the benefits of the employees                          | 65                   | 2 248                        | Other liabilities                                                | 2 248                        |  | 452                          |  |
| 3. Other provisions                                                      | 67                   | 95 679                       | Other liabilities                                                | 3 702                        |  | 744                          |  |
|                                                                          |                      |                              | Provisions (current)                                             | 89 216                       |  | 17 931                       |  |
|                                                                          |                      |                              | Provisions (non-current)                                         | 2 761                        |  | 555                          |  |
| <b>DEFERRED REVENUES</b>                                                 |                      |                              |                                                                  |                              |  |                              |  |
| 1. Subsidies for investments (row 70 + 71)                               | 69                   | 61                           | Trade payables                                                   | 61                           |  | 12                           |  |

| Statutory financial statement caption    | Statutory FS Row no. | RON thousand<br>December 31* |                     | RON thousand<br>December 31* |  | EUR thousand<br>December 31* |  |
|------------------------------------------|----------------------|------------------------------|---------------------|------------------------------|--|------------------------------|--|
|                                          |                      | 2023                         | Pro forma caption   | 2023                         |  | 2023                         |  |
| CAPITAL AND RESERVES                     |                      |                              |                     |                              |  |                              |  |
| I. CAPITAL                               |                      |                              |                     |                              |  |                              |  |
| I. Subscribed and paid-up capital        | 80                   | 40 053                       | Share capital       | 40 053                       |  | 8 092                        |  |
| IV. RESERVES                             |                      |                              |                     |                              |  |                              |  |
| I. Legal reserves                        | 88                   | 8 011                        | Legal reserve       | 8 011                        |  | 1 618                        |  |
| V. PROFIT OR LOSS CARRIED FORWARD        | 95                   | 74 218                       | Retained earnings   | 75 243                       |  | 15 071                       |  |
|                                          |                      |                              | Translation reserve | -901                         |  | 182                          |  |
|                                          |                      |                              | Other reserves      | -124                         |  | -25                          |  |
| VI. PROFIT OR LOSS OF THE FINANCIAL YEAR | 97                   | 30 994                       | Profit for the year | 30 994                       |  | 6 232                        |  |
| EQUITY – TOTAL                           | 100                  | 153 276                      | sub-total           | 153 276                      |  | 30 806                       |  |
| CAPITALS - TOTAL (row 100 + 101 + 102)   | 103                  | 153 276                      | sub-total           | 153 276                      |  | 30 806                       |  |

| Statutory FS                                                                             | Statutory FS Row no. | RON thousand<br>ended on<br>December 31st |                                             | RON thousand<br>ended on<br>December 31st |  | EUR thousand<br>ended on<br>December 31st |  |
|------------------------------------------------------------------------------------------|----------------------|-------------------------------------------|---------------------------------------------|-------------------------------------------|--|-------------------------------------------|--|
|                                                                                          |                      | 2023                                      | Pro forma caption                           | 2023                                      |  | 2023                                      |  |
| Net turnover (row 02 + 03 + 04 + 06)                                                     | 1                    | 2 888 111                                 | sub-total                                   | 2 888 111                                 |  | 583 846                                   |  |
| -out of which, the net turnover related to the predominant activity actually carried out | 61a                  | 2 822 466                                 |                                             |                                           |  |                                           |  |
| Sold production                                                                          | 2                    | 1 819 635                                 | Revenues                                    | 1 819 635                                 |  | 367 835                                   |  |
| Income from sale of goods                                                                | 3                    | 11                                        | Revenues                                    | 11                                        |  | 2                                         |  |
| Revenues from operating activities related to the net turnover                           | 6                    | 1 068 465                                 | Other operating income                      | 1 068 465                                 |  | 215 994                                   |  |
| Revenues from operating activities                                                       | 12                   | 147                                       | Revenues                                    | 137                                       |  | 28                                        |  |
| Other operating revenues                                                                 | 13                   | 183 668                                   | Revenues                                    | 164 459                                   |  | 33 246                                    |  |
|                                                                                          |                      |                                           | Other operating income                      | 19 209                                    |  | 3 883                                     |  |
| -of which: revenues from the investment subsidies                                        | 14                   | 73                                        | Depreciation and amortisation               | 73                                        |  | 15                                        |  |
| OPERATING REVENUES - TOTAL                                                               | 16                   | 3 071 915                                 | sub-total                                   | 3 071 915                                 |  | 621 003                                   |  |
| a) Expenditure on raw materials and consumables                                          | 17                   | 181                                       | Services and material expenses              | 181                                       |  | 37                                        |  |
| Other material expenses                                                                  | 18                   | 2 005 737                                 | Cost of electricity, gas and transportation | 1 923 660                                 |  | 388 851                                   |  |
|                                                                                          |                      |                                           | Revenues                                    | 82 077                                    |  | 16 592                                    |  |
| b) Other external expenses (with energy and water)                                       | 19                   | 19                                        | Services and material expenses              | 19                                        |  | 4                                         |  |
| c) Expenses related to goods                                                             | 20                   | 20                                        | Cost of electricity, gas and transportation | 20                                        |  | 4                                         |  |
| Personnel expenses (row 21 + 24), of which:                                              | 22                   | 33 518                                    | Personnel expenses                          | 33 518                                    |  | 6 776                                     |  |
| a) Value adjustments regarding tangible and intangible assets (row 26a + 26 + 27)        | 25                   | 908                                       | sub-total                                   | 908                                       |  | 188                                       |  |



|                                                                                                                                                                               |      |           |                                                |           |         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|-----------|------------------------------------------------|-----------|---------|
| a.1) Operating expenses regarding depreciation of fixed assets (ct. 68(1))                                                                                                    | 26a  | 908       | Depreciation and amortisation                  | 908       | 168     |
| b) Value adjustments regarding current assets                                                                                                                                 | 28   | 3 140     | sub-total                                      | 3 140     | 635     |
| - Expenses                                                                                                                                                                    | 29   | 17 378    | Reversal/(impairment) on loans and receivables | 17 378    | 3 513   |
| b.2) Revenues                                                                                                                                                                 | 30   | 14 239    | Reversal/(impairment) on loans and receivables | 14 239    | 2 878   |
| Other operating expenses (row 32+33+33d+33f+33h+33j+34+35+36+37)                                                                                                              | 31   | 961 142   | sub-total                                      | 961 142   | 194 300 |
| 11.1 Expenditure on external services (ct.61)+61.3+61.4+61.5+62.1+62.2+62.3+62.4+62.5+62.6+62.7+62.8)                                                                         | 32   | 784 732   | Services and material expenses                 | 70 788    | 14 310  |
|                                                                                                                                                                               |      |           | Cost of electricity, gas and transportation    | 706 628   | 142 848 |
|                                                                                                                                                                               |      |           | Finance expenses                               | 7 316     | 1 479   |
| 11.2. Expenses with royalties, commercial leasing and rents (ct. 612), of which:                                                                                              | 33   | 155       | Services and material expenses                 | 155       | 31      |
| 11.3. Expenses related to intellectual property rights (art. 616), of which:                                                                                                  | 33.d | 7 954     | Services and material expenses                 | 7 954     | 597     |
| 11.5. Consulting expenses (item 618), of which:                                                                                                                               | 33.h | 4 431     | Services and material expenses                 | 4 431     | 896     |
| 11.6. Expenses with other taxes, fees and assimilated payments: expenses representing transfers and contributions due on the basis of special normative acts (ct. 635 +6586*) | 33.j | 4 403     | Services and material expenses                 | 4 403     | 890     |
| 11.7 Expenses with environmental protection                                                                                                                                   | 34   | 161 281   | Cost of electricity, gas and transportation    | 161 281   | 32 604  |
| 11.10 Other expenses                                                                                                                                                          | 37   | 3 186     | Services and material expenses                 | 3 186     | 644     |
| Adjustments regarding provisions (row 40+41)                                                                                                                                  | 39   | 12 849    | sub-total                                      | 12 849    | 2 557   |
| - Expenses                                                                                                                                                                    | 40   | 184 128   | Personnel expenses                             | 8 401     | 1 698   |
|                                                                                                                                                                               |      |           | Services and material expenses                 | 173 645   | 35 063  |
|                                                                                                                                                                               |      |           | Reversal/(impairment) on loans and receivables | 2 083     | 421     |
| Revenues                                                                                                                                                                      | 41   | 171 279   | Personnel expenses                             | 6 988     | 1 413   |
|                                                                                                                                                                               |      |           | Services and material expenses                 | 164 291   | 33 212  |
| OPERATING EXPENSES - TOTAL                                                                                                                                                    | 42   | 3 017 513 | sub-total                                      | 3 017 513 | 610 005 |
| OPERATING PROFIT OR LOSS                                                                                                                                                      | 43   | 54 402    | sub-total                                      | 54 402    | 10 998  |
| FINANCIAL REVENUES - TOTAL (row 45 + 47 + 49 + 50)                                                                                                                            | 52   | 1 519     | Finance income                                 | 1 519     | 305     |
| Expenses on interest rates                                                                                                                                                    | 56   | 14 846    | Finance expenses                               | 14 846    | 3 001   |
| Other financial expenses                                                                                                                                                      | 58   | 1 194     | Finance expenses                               | 1 194     | 241     |
| FINANCIAL EXPENSES - TOTAL (row 53 + 56 + 58)                                                                                                                                 | 59   | 16 040    | sub-total                                      | 16 040    | 3 242   |
| FINANCIAL PROFIT OR LOSS:                                                                                                                                                     |      |           |                                                |           |         |
| - Loss (row 59 - 52)                                                                                                                                                          | 61   | 14 521    | sub-total                                      | 14 521    | 2 935   |
| TOTAL REVENUES (row 16 + 52)                                                                                                                                                  | 62   | 3 073 434 | sub-total                                      | 3 073 434 | 621 310 |
| TOTAL EXPENSES (row 42 + 59)                                                                                                                                                  | 63   | 3 033 553 | sub-total                                      | 3 033 553 | 613 248 |
| GROSS PROFIT OR LOSS:                                                                                                                                                         |      |           |                                                |           |         |
| - Profit (row 62 - 63)                                                                                                                                                        | 64   | 39 882    | sub-total                                      | 39 882    | 8 029   |
| Profit tax                                                                                                                                                                    | 66   | 8 887     | Income tax expense                             | 8 887     | 1 797   |
| NET PROFIT OR LOSS OF THE FINANCIAL YEAR:                                                                                                                                     |      |           |                                                |           |         |
| - Profit (row 64 -65 -66 - 67 - 68)                                                                                                                                           | 69   | 30 994    | sub-total                                      | 30 994    | 6 232   |

As at 31 December 2023, CEZ Vanzare S.A. had EUR 132.6 million of receivables from the Romanian state. Following the increase in electricity and gas prices in 2021 and 2022, the Romanian government re-introduced price caps for final consumers up to 31 March 2025 and, as a result, suppliers cannot issue invoices that go above such price cap. Suppliers are to be reimbursed from the State budget for the differentials between the capped regulated price and the actual market price of electricity or gas invoiced to consumers within 30 working days after claiming these re-imbursements. Subsidies received from the state on the regulated capped pricing mechanism are recognized in the line Other assets of the statement of financial position and in the line Other operating income in the statement of profit or loss or other comprehensive income in the month of delivery of the electricity or the gas. The Board of Directors believes the receivable from the Romanian state will be fully settled once the price cap mechanism ends and that it will be lowered throughout 2024 assuming electricity prices continue to decrease throughout the year. The lowering of the receivable balance should lead to a decrease in the Bank Overdraft and Due to banks and other financial institutions balances.

Refer to section 4 for the identified material restatement adjustments from Romania GAAP to IFRS as adopted by EU and the material accounting policies of the Group.

Refer to section 5 for the effects of the Acquisition on the Group's statement of financial position as if the acquisition had taken place on 31 December 2023 and the Group's statement of profit or loss and other comprehensive income as if the acquisition had taken place on 1 January 2023 with the excess of the adjusted carrying amount of net assets acquired over the purchase consideration been included in the income statement as Gain on bargain purchase.





There were no inter-company transactions between the Group and CEZ Vanzare S.A., which should have been eliminated in either the pro forma consolidated statement of financial position or pro forma consolidated statement of profit or loss and other comprehensive income.

#### 4. Romanian GAAP to IFRS Adjustments

A - Premier Energy PLC determined that certain of CEZ Vanzare S.A.'s rental arrangements would be accounted for as leases under IFRS 16. Accordingly, Premier Energy PLC recorded an adjustment to eliminate the rent expense under Romanian GAAP and recognize a Right of Use Asset and the respective lease liability, interest expense and depreciation under IFRS 16.

B - Premier Energy PLC identified deductible temporary differences arising mainly from Property, plant and equipment, Intangible assets and provisions for which a deferred tax asset in accordance with IAS 12 Income Taxes has been recognized.

C - Premier Energy PLC applied the Expected Credit Loss principles of IFRS 9, Financial Instruments, to the trade receivables balance of CEZ Vanzare S.A. as at 31 December 2023 and recognized a corresponding expected credit loss adjustment.

D - As part of compiling the proforma consolidated financial information, the equity of CEZ Vanzare S.A. have been eliminated as if the consolidation was taking place at 31 December 2023. The amount of EUR 6,308 thousand adjusted against profit for the year consist of the elimination of CEZ Vanzare SA profit for the year 2023 of EUR 7,110 thousand and gain on bargain purchase of EUR 13,418 thousand.

E - Being adjustment to recognize gain/(loss) in the present value of the defined benefit obligation under IAS 19 and the relevant tax impact. Remeasurements of the net defined benefit liability, which comprise actuarial gain and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI.

Except for adjustments for the gain on bargain purchase, these adjustments have a continuing impact.

#### 5. Pro forma adjustments

The unaudited pro forma consolidated financial information has been prepared on the basis that the Acquisition will be treated as a business combination in accordance with IFRS 3 Business Combinations. The unaudited pro forma consolidated financial information does not reflect the fair value adjustments that are expected to be made post-completion. The Company expects to undertake a full fair value exercise following completion. The fair value adjustments, when finalized following completion, may be material. For the purposes of the unaudited pro forma consolidated financial information, the excess of the adjusted carrying amount of net assets acquired over the purchase consideration has been included in the income statement as Gain on bargain purchase.

The calculation of the Gain on bargain purchase is set out below:

|                                                          | (EUR thousands) |
|----------------------------------------------------------|-----------------|
| Purchase consideration as of 31 December 2023*           | 20,404          |
| Pro forma identifiable net assets acquired at book value | 33,822          |
| Gain on bargain purchase                                 | 13,418          |

\*The consideration is calculated assuming that the transaction had taken place on 31 December 2023.



### 13. INDUSTRY OVERVIEW AND KEY TRENDS

*The market and industry data and forecasts and statements regarding the Group's position in the relevant market or market segment in this section are based on various market research and other publicly available information, as well as reports by independent industry sources, including the FTI Report. For more information on the sources used in the Prospectus, see Industry and Market Information".*

*Certain statements below are based on the Group's own proprietary information, insights, opinions or estimates, and not on any third-party or independent source; these statements contain words such as the Group "believes", "expects", "considers" or "estimates", and as such do not purport to cite or summarize any third-party or independent source and should not be read this way.*

#### Macro-economic and demographic overview of Romania

Romania is a full member state of the European Union since 2007. The country is located in South-Eastern Europe and its capital and largest city is Bucharest. It borders Bulgaria, Ukraine, Hungary, Serbia and Moldova. Romania counts with a population of approximately 19 million.

Romania has been a strong performer among European Union countries. Average annual real GDP growth stood at 3.5% over the last decade (2013-2022), well above the respective average of the EU-27 countries, which stood at 1.7%.

Romania went through the economic shocks from the COVID-19 pandemic, Russia's invasion of Ukraine, and the resulting surges in energy prices relatively well. During the pandemic, Romania's real GDP declined by only -3.7% in 2020, milder than the EU-27 average (-6.2%), rebounding to 5.9% growth in 2021 and 4.7% in 2022.

In 2022, the GDP per capita in Romania stood at c. EUR 15,000, below that of Central and Eastern Europe (CEE),<sup>1</sup> which averaged c. EUR 20,500. According to the IMF, in 2022, the GDP per capita in Romania was at 74% of the Euro average. This ratio increased from 40% when Romania joined the EU.

#### Romanian Macro-Economic Indicators-Historical Values

| Indicators                                                        | Units                   | 2017  | 2018   | 2019   | 2020   | 2021   | 2022   |
|-------------------------------------------------------------------|-------------------------|-------|--------|--------|--------|--------|--------|
| GDP, current prices                                               | RON billion             | 852   | 959    | 1,640  | 1,067  | 1,187  | 1,410  |
| GDP, current prices                                               | EUR billion             | 186   | 206    | 224    | 220    | 241    | 286    |
| Real GDP growth                                                   | % YoY                   | 8.2%  | 6.0%   | 3.8%   | -3.7%  | 5.9%   | 4.7%   |
| GDP per capita                                                    | EUR                     | 9,487 | 10,556 | 11,549 | 11,401 | 12,576 | 15,024 |
| Inflation                                                         | % YoY                   | 1.3%  | 4.6%   | 3.8%   | 2.6%   | 5.0%   | 13.8%  |
| Population                                                        | Million                 | 19.6  | 19.5   | 19.4   | 19.3   | 19.2   | 19.0   |
| Population growth                                                 | % YoY                   | -0.6% | -0.6%  | -0.6%  | -0.4%  | -0.7%  | -0.8%  |
| Number of households                                              | Million                 | 7.48  | 7.49   | 7.51   | 7.52   | 7.45   | 7.54   |
| Unemployment rate                                                 | % of total labour force | 6.1%  | 5.3%   | 4.9%   | 6.1%   | 5.6%   | 5.6%   |
| Annual average exchange rate of the Romanian Leu against the Euro | RON per EUR             | 4.58  | 4.65   | 4.74   | 4.85   | 4.92   | 4.94   |

*Source: FTI analysis based on IMF World Economic Outlook database (IMF, 2023a), Eurostat database (European Commission, 2024a) and The World Bank (The World Bank, 2024)*

Romania's annual inflation averaged 13.8% in 2022, following the surge in energy prices exacerbated by Russia's invasion. The actual average inflation decelerated down to 10.5% in 2023, close to the 10.7% projected by IMF, thanks to lower energy and food prices. Romania's most relevant historical macro-economic and demographic indicators are gathered in the table below.

The Romanian Leu (RON) showed relatively stable exchange rates against the Euro over the last years. Since it joined the European Union in 2007, Romania has committed to adopt the euro once it fulfils the necessary conditions. As of 2023, the country does not use the euro, and is not part of the European Exchange Rate Mechanism, which is a prerequisite for euro adoption. Romania has set 2029 as its target

<sup>1</sup> Central and Eastern Europe (CEE) countries include Czechia, Hungary, Poland, Romania and Slovenia.



year to adopt the Euro. In the short term, economic growth is expected to remain robust, according to IMF projections. In 2023, growth stood at 2.0%, close to the IMF forecast (2.2%). In 2024, the economy is expected to return to its potential growth rate of 3.8% as consumption and exports recover further, and investment, supported by RRF funds, remains strong. Inflation is expected to remain above target levels (2.5%± 1 pp.) until 2027.

Romania's macro-economic and demographic indicators expected evolution are gathered in the table below.

#### Romanian Macro-Economic Indicators-Outlook

| Indicators                  | Units                   | 2023   | 2024   | 2025   | 2026   | 2027   | 2028   |
|-----------------------------|-------------------------|--------|--------|--------|--------|--------|--------|
| GDP, current prices         | RON billion             | 1,589  | 1,739  | 1,859  | 1,995  | 2,130  | 2,263  |
| Real GDP growth             | % YoY                   | 2.2%   | 3.8%   | 3.8%   | 3.8%   | 3.8%   | 3.7%   |
| GDP per capita <sup>2</sup> | EUR                     | 17,486 | 19,196 | 20,592 | 22,141 | 23,556 | 24,948 |
| Inflation                   | % YoY                   | 10.7%  | 5.8%   | 3.6%   | 3.6%   | 2.6%   | 2.5%   |
| Population                  | Million                 | 19.0   | 18.9   | 18.8   | 18.7   | 18.6   | 18.5   |
| Population growth           | % YoY                   | -0.1%  | -0.5%  | -0.6%  | -0.6%  | -0.7%  | -0.7%  |
| Unemployment rate           | % of total labour force | 5.6%   | 5.4%   | 5.3%   | 5.2%   | 5.1%   | 5.0%   |

Source: FTI analysis based on IMF World Economic Outlook database (IMF, 2023a), Eurostat database (European Commission, 2024a), and the World Bank (The World Bank, 2024)

#### EU funds for the energy transition in Romania

There are a number of EU funding and support schemes available for Romania to support the energy transition. This support can take the form of grants, loans or equity investment into specific projects.

The funding and support schemes fall into three broad classes: (i) the EU's long standing general support schemes (i.e. the European Regional Development Fund, which has a EUR 25.7 billion budget for Romania for the 2021-2027 period, and the Cohesion fund also (partly) usable for energy sector transition,); (ii) traditional support schemes established for energy sector transition already prior to the EU Green Deal efforts (i.e. the EU ETS Modernisation fund and the Innovation Fund); and (iii) support schemes introduced as part of the new Green Deal efforts, later expanded as part of the COVID-19 pandemics relieve package and the energy crisis (i.e. the LIFE Program, the Public sector loan facility under the Just transition Mechanism, the Just Transition Fund (EUR 2.1 billion Romania budget for 2021-2027), the InvestEU programme, and the Recovery and Resilience Facility (RRF)).

Between EU funds and Romania's own national budget, support schemes aimed at EU projects could add up to EUR 80bn, with a strong focus on energy transition investments and dedicated funds to expand the network to ensure gas access to remote locations. This is a relevant support, to be compared against Romania's GDP of c. EUR 286bn (2022). An example of where Romania is benefiting from EU programs with a focus on energy transition include the investment in expanding and upgrading the national gas infrastructure with Transgaz funding EUR 554mn out of a total budget of EUR 3.5bn from EU grants to develop multiple projects as part of the upgrade of the National Gas Transmission System (NTS). This investment program is aligned with the objectives of the European Green Deal.

Another example of the robust state support is represented by the EUR 1.5bn Anghel Saligny Program, aimed at developing new gas networks in underdeveloped areas as well as expanding the existing grid, targeting 2,500 km of new pipelines and 150,000 new delivery points over the period 2021-2025 (possibility to be extended up to 2028). More than 15 concessions within the Group's portfolio have successfully obtained funds for network development as of the date of this Prospectus.

#### Gas sector in Romania

The gas sector is a strategic vector for the development of Romania's national economy. In terms of natural gas resources, Romania has a rich and long history of exploiting hydrocarbons and is the second largest producer of natural gas in the European Union. Before the discoveries in the North Sea, Romania was also one of the largest producers of oil in Europe.

<sup>2</sup> Estimations based on IMF GDP projections expressed in US dollars. The GDP per capita was converted to euros by assuming the same exchange rate as of 2022 from World Bank as 1 US dollar equivalent to 0.95 euros.





Currently, production in Romania is heavily concentrated. Two companies dominate the Romanian upstream - Romgaz and OMV Petrom. In 2023 (up to November), Romgaz (State-Owned) contributed 51% and OMV Petrom (Privately-owned) 36% of total country output.

Romania is the nation in the region with the lowest reliance on imported natural gas and therefore has a reduced dependency on external gas sources, having a 18.4% natural gas net imports dependency in 2022, compared to the EU average of 82.5%. Romania produced almost 90% of its inland consumption in 2022 (production: 96.3 TWh; imports: 29.4 TWh). Approximately 10% of natural gas consumed in 2022 was imported through four interconnectors: Giurgiu – Ruse (Bulgaria); Csanadpalota (Hungary); T1 connector Ukraine (Ukraine); and T1 connector Bulgaria, Negru Voda (Bulgaria). By 2030, combined Neptun Deep and Ana productions could cover or exceed Romania's annual consumption (c.9-10bcm/c.103 TWh), becoming a net exporter.

#### *Natural gas demand and drivers in Romania*

Final gas consumption in Romania – excluding gas consumption for the energy sector – grew with a CAGR of 4.1% between 2017 and 2021. Gas prices in the EU started to rise substantially during 2021, as a result of the economic recovery from the COVID-19 pandemic, which caused an increase in demand for liquefied natural gas (LNG) and greater consumption of gas in Asia. In 2022, prices continued to raise following the war in Ukraine and, consequently, natural gas consumption declined. In 2022, final gas consumption in Romania stood at 69 TWh and total inland consumption, which includes energy sector consumption and network losses, at 105 TWh, 17% lower than 2021 level.

Gas production has been decreasing since 2017 levels, which stood at 110 TWh, down to 95 TWh in 2021 (CAGR -3.6% between 2017 and 2021). In 2022, the production remained stable, at 96 TWh. Romania has been a net gas importer since 2017 having increased its net imports from 12 TWh in 2017 up to 29 TWh in 2021, which represents an increase of 1.5x in the period. Romania could become a net exporter of gas in the coming years as the Neptun Deep Black Sea gas project, with is expected to start its production by 2027.

#### **Romanian Natural Gas Consumption-Historical Values**

| Sector                                    | Units | 2017    | 2018    | 2019    | 2020    | 2021    | 2022    | 2017-21 CAGR |
|-------------------------------------------|-------|---------|---------|---------|---------|---------|---------|--------------|
| Industrial                                | GWh   | 28,184  | 9,188   | 27,793  | 28,498  | 31,213  | 22,891  | 2.6%         |
| Transport                                 | GWh   | 3       | 3       | 1       | 4       | 88      | 89      | 135.3%       |
| Commercial                                | GWh   | 10,493  | 10,511  | 10,471  | 9,861   | 9,687   | 10,169  | -2.0%        |
| Residential                               | GWh   | 31,288  | 32,484  | 32,368  | 35,129  | 41,429  | 34,660  | 7.3%         |
| Agriculture                               | GWh   | 1,366   | 1,443   | 1,342   | 1,307   | 1,385   | 1,014   | 0.4%         |
| Total final consumption for energetic use | GWh   | 71,334  | 73,629  | 71,975  | 74,799  | 83,803  | 68,823  | 4.1%         |
| Final consumption for non-energetic use   | GWh   | 4,427   | 4,763   | 4,955   | 5,856   | 5,112   | 370     | 3.7%         |
| Total final consumption                   | GWh   | 75,761  | 78,392  | 76,930  | 80,655  | 88,915  | 69,193  | 4.1%         |
| Use in the energy sector                  | GWh   | 46,289  | 46,504  | 39,170  | 39,149  | 37,899  | 36,790  | -4.9%        |
| Total inland demand                       | GWh   | 122,050 | 124,896 | 116,100 | 119,803 | 126,814 | 105,484 | 1.0%         |

Source: FTI analysis based on Eurostat data (European Commission, 2024a)

The European Commission and the Romanian gas TSO, Transgaz, prepared a natural gas domestic consumption outlook, which was incorporated into the EU Reference Scenario 2020.<sup>3</sup> Transgaz's 2022 Outlook report adopts this scenario, which projects stable consumption within the next few years and a decline in the long run, as conventional fuels are replaced with renewables in manufacturing industries and electricity production.

#### **Romanian Natural Gas Domestic Consumption-Outlook (TWh)**

| Indicators                   | Units | 2022  | 2025  | 2030  | 2035  | 2040  | 2045 | 2050 |
|------------------------------|-------|-------|-------|-------|-------|-------|------|------|
| Inland Consumption Actual    | TWh   | 105.5 |       |       |       |       |      |      |
| Transgaz 2022 Demand outlook | TWh   |       | 123.3 | 103.4 | 105.3 | 105.2 | 98.7 | 89.4 |

<sup>3</sup> This EU Reference scenario is one of the European Commission's key analysis tools in the areas of energy, transport and climate action. National experts from all EU countries contributed to the Reference Scenario 2020 through a consultation process, and stakeholders have also contributed on technology assumptions.





| Indicators                                    | Units | 2022 | 2025  | 2030  | 2035  | 2040  | 2045 | 2050 |
|-----------------------------------------------|-------|------|-------|-------|-------|-------|------|------|
| European Commission – 2020 Reference Scenario | TWh   |      | 123.3 | 103.4 | 105.3 | 105.2 | 98.7 | 89.4 |

Source: FTI analysis based on Transgaz development plan 2021–2031 data (Transgaz, 2022). European Commission reference scenario 2020 data (European Commission, 2020). Eurostat data (European Commission, 2024a)

The following policy decisions and market trends are expected to impact natural gas consumption in the country:

- Substitution of wood/coal by natural gas: solid biofuels in households are expected to continue to be substituted by natural gas.
- Operational objectives of the Romanian Integrated National Energy and Climate Change plan for 2021–2030 to strength the natural gas network: an important part of the strategy for ensuring energy security is the construction of new pipelines and increasing the capacity of the existing gas transmission network.
- Energy use driver: consumption decline foreseen to be driven by the energy sector, since gas-powered plants will be ready to run on 100% green gases by 2036.
- Policy induced energy efficiency: in December 2020, Romania approved the Long-Term Renovation Strategy (LTRS), which aims at improving energy efficiency by renovating the national stock of buildings.

#### **Current gas structure and key players in Romania**

The Romanian gas market consists of seven main activities, which can be articulated as:

**Gas producers:** Romania has a total of twelve gas producers. They are Amromco Energy S.R.L., Foraj Sonde S.A., Mazarine Energy Romania S.R.L., OMV Petrom S.A., Raffles Energy S.R.L., S.N.G.N. Romgaz S.A., Serinus Energy Romania S.A., Stratum Energy Romania LLC, Black Sea Oil and Gas S.A., Dacian Petroleum S.R.L., Gas Plus Dacia S.R.L. and Petro Ventures Resources S.R.L. Romgaz and OMV Petrom accounted for 87% of the 2023 total natural gas production (up to November 2023).

**Gas imports:** a total of 554 gas importers with transactions from 2022 up to November 2023 on the Romanian market with the largest importer being OMV Petrom (38%) and Axpo Bulgaria (19%) in 2023. Other large importers include Ozbor Enterprises and MET Austria.

**Underground storage operators:** two storage operators, DEPOGAZ (a subsidiary of Romgaz) (90%) and Depomures (10%), manage the underground storage facilities. Depomures operates UGS Târgu Mureș (0.3 bcm) and Depogaz Ploiești a total of 2.87 bcm (UGS Bălăceanca – 0.05 bcm, Bilciurești – 1.31 bcm, Cetatea de Baltă, Ghercești – 0.15 bcm, Sărmășel – 0.9 bcm, Urziceni – 0.36 bcm).

**Gas transmission:** SNTGN<sup>4</sup> Transgaz, is the technical operator (and part-owner) of the national gas transmission system thereby acting as the Transport System Operator (TSO). Transgaz operates approximately 14,000 km of pipelines. Initially a fully state-owned company, Transgaz is now a listed company on the Bucharest Stock Exchange. The company was partially privatised in 2008 and 2013.

**Gas distribution:** as of November 2023, Romania had a total of 26 natural gas Distribution System Operators (DSOs) licensed by ANRE, the main players being Distrigaz Sud Retele, Delgaz Grid and Premier Energy.

**Market Operators:** Romania has two market operators. OPCOM organises wholesale natural gas markets and BRM organises both wholesale and retail markets.

**Gas supply:** a total of 67 suppliers were active on the Romanian gas market as of November 2023. The largest suppliers on the retail market are OMV Petrom (accounting for 34% of the natural gas supplied), E.On (17%), and Engie Romania (17%). By supply segment, E.On (50%), Engie (36%) and Premier Energy (4%) represented 90% of the gas volumes supplied for household customer, while OMV Petrom, (46%),

<sup>4</sup> SNTGN stands for National Gas Transmission Company.



customers (11%), Engie (11%) and E.ON (6%) close to 80% of the gas volumes supplied for non-household

#### **Production, imports and export of natural gas in Romania**

Romania is the second largest producer of oil and gas in the European Union and stands to become a regional gas provider should its total extracted gas exceed domestic needs. While gas production decreased between 2017-2021, which was mainly due to limited investment in exploration and production, significant discoveries have been made in recent years, which may cause the replacement rate of Romania's natural gas reserves (i.e. the ratio between new reserves and consumption rate) to become positive, which provides the natural gas sector with a unique development perspective among European countries.

In 2021, local production made up 75% of total inland demand, with the remaining 25% of demand fulfilled by exports from Bulgaria, with a small contribution from Hungary and Russia. In 2022, the local production made up almost 90% of total inland demand, with the remaining was fulfilled by exports from Bulgaria in greater extent (production: 96.3 TWh; imports: 29.4 TWh).

#### **Gas distribution in Romania**

Gas distribution in Romania is a regional monopoly activity performed under concession agreements concluded by public authorities (i.e. municipalities). As a pre-condition of the service concession agreements, all the gas distribution operators are licensed by ANRE.

In 2006, ANRE, through its Decision No. 1139/16.10.2006,<sup>5</sup> approved the regulation on accounting, legal, functional and organisational unbundling of natural gas regulated activities based on the Gas Law (Law No 351/2004), in accordance with the provisions of the Directive 2003/55/EC. The provisions of the decision were applicable to all entities that carry out regulated activities. Decision no. 1139/2006 was repealed and replaced by ANRE Order no. 21/2021. Distributors with a number of customers below 100,000 are exempt from unbundling. Romania's natural gas distribution network has increased five times in length over the last three decades, from 10,772 km in 1990 to 58,594 km in 2022. In 2022, natural gas was distributed in 985 localities of Romania, of which 250 in municipalities and cities. Also, the number of connected end-users is steadily rising from 4.0m in 2019 to 4.6m in 2023.

The main Romanian distributor grid operators are Distrigaz Sud Retele, Delgaz Grid and Premier Energy, which jointly gather c.90% of total grid length.

#### **Romanian Distribution Grid Operators as of 31 December 2023**

| Company              | Grid Length (km)<br>Km | Number of end-users connected<br>(m) |
|----------------------|------------------------|--------------------------------------|
| Distrigaz Sud Retele | 23,300                 | 2,200,000                            |
| Delgaz Grid          | 24,862                 | N/A                                  |
| Premier Energy       | 3,663                  | 153,000                              |

Source: FTI analysis based on Company annual reports and websites data (E.ON Group, 2023; Premier Energy, 2024; Distrigaz Sud Retele, 2021; Distrigaz Sud Retele, 2024). The latest statistic of gas supplied for Distrigaz Sud Retele is 2021.

Note: Romania counts with 26 licensed gas distributors as per the ANRE 2023 November monthly report. The selected distributors (Distrigaz Sud Retele, Delgaz Grid and Premier Energy) make up c.90% of total grid length. No data about the number of users is available for Delgaz Grid (E.ON), as only the total number of customers is reported (3.0m), including both electricity and gas.

#### **Gas supply in Romania**

There is a large number of gas suppliers active in Romania (67 in November 2023). All of them require a license from ANRE to operate in this segment.

Gas supply to industrial/business consumers, as well as gas supply tariffs to households after 1 July 2020, are negotiated with the customer, based on contracts compliant with the applicable regulations. According to ANRE, end of 2022, 56.11% of total household customers had signed contracts under the competitive regime.

<sup>5</sup> Decision No. 1139/16.10.2006 approving the Regulation on accounting, legal, functional and organizational unbundling of natural gas regulated activities.





## Romanian Top Gas Suppliers by Market Share

| Company              | Market share by number of customers % | Market share by gas supplied in the retail market % | Market share by gas supplied to household customers % | Market share by gas supplied to non-household customers % |
|----------------------|---------------------------------------|-----------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|
| Engie Romania        | 45.6                                  | 17.2                                                | 35.6                                                  | 10.8                                                      |
| E.ON Energie Romania | 42.2                                  | 17.4                                                | 50.4                                                  | 5.8                                                       |
| PPC Energie          | 2.5                                   | 1.2                                                 | 2.5                                                   | 0.7                                                       |
| Premier Energy       | 2.4                                   | 4.3                                                 | 3.5                                                   | 4.6                                                       |
| PPC Energie Muntenia | 2.1                                   |                                                     | 2.0                                                   | 0.6                                                       |
| Gaz Est              | 0.8                                   |                                                     | 0.8                                                   |                                                           |
| Engie Romania FUJ    | 0.6                                   | 1.3                                                 | 0.5                                                   | 1.6                                                       |
| Nova Power & Gas     | 0.6                                   | 2.1                                                 | 0.7                                                   | 2.5                                                       |
| OMV Petrom           |                                       | 33.7                                                |                                                       | 45.5                                                      |
| Romgaz               |                                       | 12.9                                                |                                                       | 17.4                                                      |

Source: FTI analysis based on ANRE monthly gas market monitoring report for November 2023 (ANRE RO, 2023a)

Note: Market share estimated for the period September-November 2023. Energy consumers without a natural gas contract can be taken over by suppliers of last resort. In order to ensure last resort supply to final customers who are not assured gas supply from any other source, ANRE designates at least three last resort suppliers (FUL). All natural gas suppliers who meet the eligibility criteria set out in the regulation under ANRE Order no. 173/2020, have the possibility to carry out the activity of gas supply as a last resort (ANRE RO, 2023d).

### Wholesale and retail prices in Romania

While there is a gas exchange established in Romania, it shows limited liquidity, particularly on forward markets. As a reference of wholesale gas prices there are three other more liquid EU gas hubs: the Dutch TTF, the Austrian CEGH and the Hungarian MGP.

### Wholesale Natural Gas Prices-Historic Average Annual M+1 prices

| Hub               | Units   | 2019 | 2020 | 2021 | 2022  | 2023 |
|-------------------|---------|------|------|------|-------|------|
| Netherlands (TTF) | EUR/MWh | 14.6 | 9.6  | 47.7 | 131.3 | 41.0 |
| Austria (CEGH)    | EUR/MWh | 15.8 | 10.1 | 47.5 | 133.1 | 42.1 |
| Hungary (MGP)     | EUR/MWh |      |      | 48.4 | 137.3 | 42.6 |

Source: FTI analysis based on EnergyMarketPrice data (EnergyMarketPrice, 2024)

Note: Prices shown are annual averages of front month future prices

As of 26 February 2024, forward markets expect gas prices to remain lower compared to 2023 level prices.

### Wholesale Natural Gas Prices-Forward Market Quarterly Prices (as of 26 February 2024)

| Hub | 2024    |      |      |      | 2025 |      |      |      | 2026 |      |      |      | 2027 |      |      |  |
|-----|---------|------|------|------|------|------|------|------|------|------|------|------|------|------|------|--|
|     | Q2      | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   |  |
|     | EUR/MBL |      |      |      |      |      |      |      |      |      |      |      |      |      |      |  |
| TTF | 27.3    | 27.9 | 28.4 | 32.2 | 34.3 | 30.6 | 30.2 | 32.0 | 32.5 | 27.7 | 27.3 | 29.0 | 29.7 | 26.2 | 25.1 |  |

Source: FTI analysis based on EnergyMarketPrice data (EnergyMarketPrice, 2024)

Romanian gas retail prices trended upwards from 2017 to 2019 for both household and non-household consumers, with a sharp decline in 2020 for non-household consumers and a slight decline for household, which was in line with the global markets at the time.

Starting from the second half of 2021, there was a systematic increase of natural prices both for household and non-household consumers. Prices peaked during the second half of 2022, when gas prices stood up to EUR 165.7/MWh for non-household consumers and up to EUR 120.3/MWh for household consumers. In the first half of 2023, gas prices decreased compared to the second half of 2022, but still remained larger than 2021 levels.

The Romanian government introduced support schemes to alleviate the impact of rising gas prices. These support schemes covered households, small enterprises and public institutions.<sup>6</sup> Similar to electricity, there

<sup>6</sup> More precisely: a) households customers, b) small and medium sized enterprises, micro-enterprises, authorized natural persons and family enterprises, sole medical offices and other liberal professions and c) public and private hospitals, academic institutions and kindergartens, NGOs, religious institutions and public and private providers of social services





were three main schemes for natural gas: compensation scheme, exemption from the payment of tariffs and taxes and price cap.

### **Electricity sector in Romania**

Since 1998, the electricity sector has transitioned from a vertically integrated state-owned monopoly, managed by the Autonomous Administration for Electricity (RENEL), to a liberalized market, open to competition and to private investors. Between 1998 and 2001, RENEL was progressively broken up into several entities, each of them being active in specific segments of the electricity value chain: Hidroelectrica, Nuclearelectrica and Termoelectrica for electricity generation; Transelectrica for electricity transmission; and Electrica for electricity distribution and supply.

In 2001, Electrica was further broken up into eight regional monopolies. The electricity sector then progressively opened to private investors, such as CEZ, E.ON or ENEL, who became majority stakeholders of 5 of these regional entities in 2005. Following the entry of Romania in the EU in 2007, the distribution and supply activities of these 8 regional branches were legally separated in distinct entities, and the generation and supply segments of the value chain became completely open to private investors. In October 2023, PPC finalized the acquisition of Enel's Romanian distribution operations.

### **Electricity demand and drivers in Romania**

Final electricity consumption in Romania has been stable over the last years, exhibiting a compound annual growth rate (CAGR) of 0.4% between 2017 and 2021 (industrial: -1.2%; commercial: 0.8%; agriculture: -7.6%; residential: 3.1%; transport: -3.0%). In 2022, electricity consumption contracted as a consequence of high electricity prices that followed the post pandemic and energy crisis. The electricity final consumption stood at 45 TWh and total inland demand, which includes energy sector consumption and network losses, at 51 TWh, 9% lower than 2021 levels.

Between 2017-2018 Romania has been a net electricity exporter, while in 2019, 2021 and 2022 it imported between 2.2 TWh (net) (3.9% of inland demand) and 1.2 TWh (c.2.4%), respectively.

In 2022, the per capita final electricity consumption in Romania stood at 2.4 MWh. While slightly rising over the last years, it remains well below major EU energy markets, such as Germany, France, Italy, Spain or Poland, whose electricity consumption per capita in 2022 stood between 4.8 and 6.3 MWh. This suggests that Romania will still see an increase of consumption per capita in the near future, as the country develops and further electrifies its economy.

The TSO Transelectrica's projects a CAGR of 0.9% demand growth for the period 2020-29 in its TYNDP 2022 reference scenario. This is in line with the trend of the past decade. Indeed, in the past a relative decoupling between the evolution of electricity demand and economic growth has been observed in Romania. Main reasons are structural adjustments in the national economy and improvements in energy efficiency in the end-user sector. In the mid-term, IMF projects a growth in GDP at an annual rate of 3.5% up to 2028. The trend in electricity consumption growth is expected, however, to be more moderate.

In the long term (2030-2050), TYNDP 2024 projects that electricity demand will be driven by the industry, transport and residential sectors. The transportation sector is expected to have the largest increase on the back of EV adoption and deployment of charging infrastructure, increasing from 1.3 TWh in 2021 to 18 TWh in 2050. Industrial demand is expected to show a net growth thanks to growing electrification, yet partially offset by improvement in energy efficiency and circular economy, increasing from 25 TWh to c.30 TWh in 2050. Finally, household electricity consumption will remain close to actual levels, around 10-12 TWh in 2050 from 14.2 TWh in 2021, as increasing gains from energy efficiency renovations are expected to be offset by growing electrification of appliances.

The main drivers include:

- Electrification: is a major driver of electricity demand in the next decade for Romania. Projections indicate a surge in transport electrification. 29.8% of the final energy consumption in the transport sector will come from renewable energy sources by 2030, while for heating and cooling sector, 36.3%, according to European targets.





- Increased use of household appliances: in Romania electricity utilisation for space heating/cooling or for cooking and preparation of hot water is low compared with the values from other EU countries, with relatively low endowment of the population with household appliances.
- Improvements in energy efficiency are expected to further progress, driven by national targets stated in the National Energy and Climate Plan of Romania (46% decrease in primary energy consumption by 2030, compared to the 2030 Primes model projections for Romania).

### ***Current electricity structure and key players in Romania***

The Romanian electricity market consists in 6 main activities, which can be articulated as follows:

**Electricity producers:** in 2023 (up to November), Romania counted with 131 producers of electricity that operate hydropower, nuclear, fossil fuels (gas and coal), wind, photovoltaic and biomass power plants. Hidroelectrica (41%) and Complexul Energetic Oltenia (11%) represent slightly over half of the installed capacity of the country.

**Transmission System Operator (TSO):** Compania Națională de Transport al Energiei Electrice Transelectrica, is the sole transmission system operator (TSO) in Romania and it operates according to the Ownership Unbundling model. Transelectrica manages and operates the power transmission system, corresponding to approximately 8,900 km of overhead electrical lines. Transelectrica has been publicly listed on the Bucharest Stock Exchange since 2006, the Romanian state being the main stakeholder (59% of the shares).

**Electricity import/export:** Romania counts with 17 interconnection lines linking the national electricity transmission system to neighbouring countries, with a total length of 489.04 km. These interconnections are managed and operated by the transmission and system operator Transelectrica. The Romanian power system is connected to Hungary and Bulgaria and Energy Community neighbouring countries such as Ukraine and Serbia, and recently, in 2022, with Moldova.

**Distribution System Operators:** there are currently four regional distribution system operators (DSOs) active in Romania, DEER (40% market share), PPC (35%), Distribuție Oltenia (15%) and Delgaz Grid (11%). These four companies were previously local monopolies operating within the distribution and supply segments and were entities of the former fully state-owned company Electrica. All four companies have legally unbundled their distribution and supply activities.

**Electricity suppliers:** in energy trading and supply 76 entities were active as of November 2023. Of those 51 were suppliers in the retail market, the remaining 25 being only active on the wholesale market – e.g. for electricity trading or for foreign exchanges. Electrica (17%), Hidroelectrica (13%) and PPC (18%) represented close to half of the total electricity supplied to final customers in 2023 (up to November). During 2021 and 2022, six electricity supply licenses were withdrawn by Romanian ANRE.

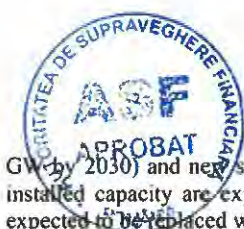
**Market operator:** OPCOM S.A. is the electricity market operator which notably administers the following electricity markets: the day-ahead market, the intra-day market, the organised framework for trading bilateral electricity contracts, as well as the green certificates market. Romania's day-ahead and intraday power markets were integrated with Hungary and Bulgaria through Single Day Ahead Coupling in 2014<sup>7</sup>, and Single Intra Day Coupling in 2019.

### ***Electricity production in Romania***

The electricity mix in Romania is balanced, with participation of coal, hydro, natural gas, nuclear energy, wind, and solar power. The thermal and hydro portfolio is fairly old, and brings a total firm capacity of around 12.1 GW, which represents 66% of the 2023 total installed capacity (18.2 GW). Renewable capacity stands at 4.6 GW, most of it wind (3.0 GW) and solar (1.6 GW), and is expected to reach 9.3 GW by 2025 and 15.9 GW by 2030 according to the 2023 NECP Draft.

The targets for the evolution of the installed capacity mix take into account both the decarbonization objectives and the need for security of supply, in terms of flexibility and adequacy. The expansion of the total installed capacity is expected to be mainly met by the deployment of new wind assets (additional +4.6

<sup>7</sup> The Bulgaria-Romania border was added to SADC more recently in October 2021.



GW by 2030) and new solar PV installations (additional +6.8 GW by 2030). By 2030, 2.6 GW of coal installed capacity are expected to be decommissioned. The production of several coal-based units are expected to be replaced with natural gas-fired combined cycle units (GTCCs) starting from 2024 (0.9 GW of new installed gas capacity expected for 2025 compared to 2023 statistic) and additional to the renewable capacity. Furthermore, the National Energy and Climate Plan includes plans to refurbish an existing nuclear plant, and to build at least one new nuclear unit by 2030 as well as to deploy small modular reactors.

#### Installed Capacity per Technology (2020-2030) Outlook

| Net installed capacity | Units     | 2023        | 2025        | 2030        |
|------------------------|-----------|-------------|-------------|-------------|
| Natural gas            | GW        | 2.7         | 3.6         | 5.3         |
| Coal                   | GW        | 2.8         | 2.6         | 0.2         |
| Nuclear                | GW        | 1.4         | 1.4         | 1.9         |
| Hydro                  | GW        | 6.6         | 6.7         | 6.9         |
| Wind                   | GW        | 3.0         | 5.0         | 7.6         |
| Solar PV               | GW        | 1.5         | 4.3         | 8.3         |
| Biomass                | GW        | 0.1         | 0.1         | 0.2         |
| Others                 | GW        |             | 0.3         |             |
| <b>Total</b>           | <b>GW</b> | <b>18.2</b> | <b>24.0</b> | <b>30.4</b> |

Source: FTI analysis based on the 2021-2030 Integrated National Energy and Climate Plan 2023 Draft data (Government of Romania, 2023)

Most of the installed capacity is state-owned in Romania, with the Romanian state having a majority share in the 3 major producers: Hidroelectrica, Nuclearelectrica and CE Oltenia. Altogether, the top 5 electricity producers operate 58% of the total installed capacity in 2023.

| Indicators for 2023               | Units      | Hidro-<br>electrica | CE Oltenia   | Nuclear-<br>electrica | OMV<br>Petrom | ELCEN        |
|-----------------------------------|------------|---------------------|--------------|-----------------------|---------------|--------------|
| <b>Total generation capacity</b>  | <b>MW</b>  | <b>6,159</b>        | <b>1,635</b> | <b>1,413</b>          | <b>832</b>    | <b>486</b>   |
| thereof natural gas               | MW         | 164                 | -            | -                     | 832           | 486          |
| thereof coal                      | MW         | -                   | 1,635        | -                     | -             | -            |
| thereof nuclear                   | MW         | -                   | -            | 1,413                 | -             | -            |
| thereof hydro                     | MW         | 5,994               | -            | -                     | -             | -            |
| thereof wind                      | MW         | -                   | -            | -                     | -             | -            |
| thereof solar PV                  | MW         | -                   | -            | -                     | -             | -            |
| <b>Total supplied electricity</b> | <b>GWh</b> | <b>16,331</b>       | <b>5,518</b> | <b>9,358</b>          | <b>4,486</b>  | <b>1,320</b> |

Source: FTI analysis based on Transelectrica installed capacity database (Transelectrica, 2024) and ANRE Electricity market monitoring report for November 2023 data (ANRE RO, 2023b)

Note: the total installed capacity is based in the technical documentation from NRA licenses.

#### Import of Electricity in Romania

Romania turned from a net exporter to a net importer of electricity in 2019. This was due to a reduction of domestic electricity production caused by (i) adverse natural conditions resulting in lower output for hydropower plants (2.2 TWh), and (ii) reduced production from thermal power plants due to worsening economics of hard coal plants that faced CO<sub>2</sub> price increases in the EU ETS market. In 2022, Romania imported (net) 1.2 TWh, mostly from Bulgaria (about two thirds) and Hungary. Small quantities were also imported from Ukraine, Serbia and Switzerland.

#### Electricity distribution and retail in Romania

As of November 2023, Romania has 4 licensed distribution system operators: Distribuție Energie Electrică România, PPC (former e-Distribuție Muntenia, e-Distribuție Banat, e-Distribuție Dobrogea), Delgaz Grid and Distribuție Energie Oltenia.

On the Romanian electricity market 91 retailers were active as of November 2023, with the five largest suppliers accounting for 56.8% of the total supplied electricity.





## Top Five Electricity Retailers of Final Customers in Romania-2023

| Company                           | Historic main region of activity        | Number of supplied end-users (millions) | Total supplied electricity (TWh) | Total supplied electricity - Market shares % | Total generation capacity (GW) | Total generation (TWh) |
|-----------------------------------|-----------------------------------------|-----------------------------------------|----------------------------------|----------------------------------------------|--------------------------------|------------------------|
| Electrica Furnizare (Electrica)   | Muntenia Nord, Transilvania Sud & Nord  | 3.5                                     | 8,004                            | 16.6%                                        | -                              | -                      |
| Hydroelectrica                    | National                                | 0.5                                     | 6,332                            | 13.1%                                        | 6,159                          | 16.3                   |
| PPC Energy & PPC Energie Muntenia | North-East - Moldovan border / Muntenia | 3.0                                     | 8,655                            | 18.0%                                        | 597                            | 1.2                    |
| E.ON Energie Romania              | Banat, Dobrogea                         | -                                       | 4,390                            | 9.1%                                         | -                              | -                      |

Source: FTI analysis based on ANRE Electricity market monitoring report for November 2023 data (ANRE RO, 2023b), Electrica Group annual sustainability report 2022 data (Electrica, 2022), E.ON Sustainability report 2022 data (E.ON Group, 2023), Hydroelectrica Corporate Presentation (Hydroelectrica, 2023), PPC Corporate Presentation (PPC, 2024) and Transelectrica installed capacity database (Transelectrica, 2024)

Note: The number of supplied-end users was obtained from the respective annual reports or corporate presentation of the companies. No data is available for E.ON, as only the total number of customers is reported – 3.2m, including both electricity and gas. Total supplied electricity, market shares and total generation were obtained from ANRE Electricity market monitoring report for November 2023 as of November 2023. PPC group installed capacity was obtained from the Company's Corporate Presentation.

### Wholesale and retail prices in Romania

The trends in the EU wholesale gas price had a consequential impact on the EU wholesale electricity market, whose average base load price rose sharply from an average price EUR c.100/MWh in 2021 to EUR 180/MWh in May 2022 to peak at more than EUR 400/MWh in August 2022. The electricity price in Romania witnessed similar trends to the EU with 2021 recording its peak in November 2021 at EUR 213/MWh, one of the highest in Europe's spot markets. However, in 2022 prices rose even higher. In Romania, the 2022 average wholesale price (EUR 265/MWh) was 1.3x higher than 2021 average price (EUR 111.5/MWh)

### Historic Wholesale Base Load Electricity Prices for Romania, Germany and Hungary

| Country | Units   | 2018 | 2019 | 2020 | 2021  | 2022  | 2023  |
|---------|---------|------|------|------|-------|-------|-------|
| Romania | EUR/MWh | 47.1 | 50.1 | 39.1 | 111.5 | 265.0 | 103.7 |
| Germany | EUR/MWh | 44.5 | 38.2 | 31.1 | 97.1  | 235.3 | 95.5  |
| Hungary | EUR/MWh | 51.3 | 50.2 | 38.6 | 114.0 | 271.5 | 106.8 |

Source: FTI analysis based on EnergyMarketPrice.com data (EnergyMarketPrice, 2024)

Note: Prices shown are annual averages of spot prices.

Forward markets as of 16 February 2022 expect the wholesale electricity price to decline, however remain at high levels relative to historical prices before 2020.

### Forward Wholesale Base Load Electricity Prices for Romania, Germany and Hungary as of 16 February 2022

| Country | Units   | 2024  |      |       |       | 2025 |      |      |      | 2026 |      |      |      | 2027 |
|---------|---------|-------|------|-------|-------|------|------|------|------|------|------|------|------|------|
|         |         | Q1    | Q2   | Q3    | Q4    | Q1   | Q2   | Q3   | Q4   | Q1   | Q2   | Q3   | Q4   | Q1   |
| Romania | EUR/MWh | 108.6 | 98.3 | 107.9 | 109.3 | 72.3 | 72.7 | 72.7 | 72.7 | 72.9 | 79.9 | 79.9 | 79.9 | 79.9 |
| Germany | EUR/MWh | 68.5  | 60.8 | 70.2  | 81.8  | 89.7 | 67.6 | 73.4 | 85.0 | 85.5 | 63.3 | 66.9 | 76.3 | 67.4 |
| Hungary | EUR/MWh | 76.2  | 66.7 | 77.6  | 92.7  | 98.5 | 85.5 | 85.5 | 85.5 | 77.6 | 77.6 | 77.6 | 77.6 | 70.9 |

Source: FTI analysis based on EnergyMarketPrice.com data (EnergyMarketPrice, 2024) for Germany and Hungary and OPCOM for Romania (OPCOM, 2024b)

Note: Prices shown are annual averages of front month future prices.



The Romanian Government introduced support schemes to alleviate the impact of rising electricity prices. These support schemes covered households, small enterprises and public institutions<sup>8</sup>. There were three main schemes<sup>9</sup>: compensation scheme, exemption from the payment of the green certificates' prices and tariffs and price caps.

**Price caps:** in addition to the compensation scheme the government added a price cap. For household customers the final price for electricity is capped until March 2025. Household customers who consume less than 100 kWh per month will pay EUR 14 cents per kilowatt, between 100 kWh and 255 kWh per month will pay EUR 16 cents per kilowatt, between 255 kWh and 300 kWh will pay EUR 26 cents for the portion corresponding to consumption between 255 kWh and 300 kWh, and if their consumption exceeds 300 kWh, then they will be charged a maximum of EUR 26 cents per kilowatt. For non-household customers (subject to exceptions) the final price for electricity for the period 1 February 2022 – 31 March 2022 (now extended until March 2025) was capped at a maximum of RON 1/kWh (approx. EUR 0.2/kWh). The differences between the supplier's average costs for the period between 1st of November 2021 and 31st of March 2025 and the capped prices will be reimbursed for the supplier, taken from the state budget through a separate budgetary expense. The price cap reimbursement should be made in maximum 30 working days after the necessary documentation has been submitted by the suppliers.

## **Regulatory framework in Romania**

### ***Romanian gas distribution regulation***

In July 2012, the Romanian authorities adopted the new Law No. 123/2012 (the "Electricity and Gas Law") on electricity and natural gas in order to meet the EU requirements of the Third Energy Package. Recent regulatory changes in the energy sector involve the implementation of the Directive (EU) 2019/944<sup>10</sup> on common rules for the internal market for electricity into the national legislation, which came into effect on 31 December 2021, through the Government Emergency Ordinance No. 143/2021<sup>11</sup>.

The key authorities in the natural gas market include the Ministry of Energy, The General Secretariat of the Government, the National Environment Protection Agency and the Romanian Energy Regulatory Authority.

As provided by the Electricity and Gas Law and the Regulations for the issuance of licenses and authorisations issued by the ANRE (in the electricity sector – ANRE Order No. 12 dated 4 March 2015; in the gas sector – ANRE Order No. 199 dated 12 November 2020), ANRE issues licenses for a range of activities in the electricity and gas sectors.

The gas distribution service (except for closed distribution systems<sup>12</sup>) is considered a public utility service of general interest, thus is subject to a concession under Romanian law.<sup>13</sup> This means that the concessionaire has the right but also the obligation to carry out the service, in return of a royalty for a determined period, according to the provisions of the law and of the concession agreement. The grantor of the concession can be either the state or the territorial administrative units, and they are entitled to inspect the activity of the concessionaire in accordance with the concession agreement.<sup>14</sup>

<sup>8</sup> More precisely: (i) households customers; (ii) small and medium sized enterprises, micro-enterprises, authorized natural persons and family enterprises, sole medical offices and other liberal professions; and (iii) public and private hospitals, academic institutions and kindergartens, NGOs, religious institutions and public and private providers of social services.

<sup>9</sup> Government Ordinance 27/2022, Article 1 Par. 2

<sup>10</sup> Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU (Text with EEA relevance).

<sup>11</sup> Government Emergency Ordinance No. 143 of 28 December 2021 for amending and supplementing the Law on electricity and natural gas No. 123/2012 and for amending certain regulatory acts

<sup>12</sup> Closed distribution systems are systems through which natural gas is distributed in industrial, commercial or common purposes areas, which are limited from a geographic point of view

<sup>13</sup> Electricity and Gas Law: article 103 para (1) and article 135.

<sup>14</sup> Romanian Civil Code article 871.





The legal framework for setting the distribution tariff for natural gas is provided by ANRE Order No. 217/2018<sup>15</sup> approving the Methodology for establishing gas distribution tariffs. Since the advent of the methodology in 2018, it has been modified and completed several times.

The DSOs are subject to an incentive-based regulatory framework determined by ANRE. For each operator, ANRE uses a revenue cap. The regulatory period is set for five years. The latest regulatory period started in 2019 and ended in 2023. The 2024 year will be a transition period from the fourth regulatory period to the fifth regulatory period, which will start on 1 January 2025. Distribution tariffs cover one tariff year, from 1 July till 30 June the following year, instead of regulatory year. The regulatory year differs, as it starts on 1 January and ends on 31 December the same year.<sup>16</sup> ANRE publishes the orders that approved tariffs for each DSOs on its website.<sup>17</sup>

In Romania, distribution system operators (DSOs) are subject to an economic regulation framework, which differs depending on whether they hold a concession or not.

### Allowed Revenues

Distribution system operators (DSOs) are subject to an economic regulation framework established by ANRE which provides a maximum Regulated Revenue per year. The methodology for determining the Regulated Revenue is as given below in simplified form.

$$\text{Allowed Revenue (AR)}_{(Yn)} = \text{RAB}_{\text{Depreciation}} + \text{RAB} \times \text{RRR} \times \text{CPI} + \text{OPEX}_{(Yn)} \times \text{CPI} - X \pm \text{Deviation factor}_{(Yn-1)}$$

Where:

The allowed revenue of the DSO represents the revenue for one year of the regulatory period and is adjusted in subsequent years.

Regulatory periods are 5 years the current one ended in 2023.

RAB – is the regulatory asset base – built on the tangible and intangible assets recognized by ANRE and used in distribution activity.

RAB Depreciation is linear and depends on the asset type. The regulatory depreciation include i) existing tangible and intangible assets approved by ANRE, ii) new assets and iii) assets retired from RAB.

The regulated rate of return (RRR) is the WACC value in real terms, before tax, approved by ANRE. Current WACC = 6.39% Order 101/2023 effective from December 5th, 2023. This regulated rate of return on invested capital, expressed in real terms, before tax is the one approved for the fourth regulatory period.

Operational costs (OPEX) grow with CPI, with an efficiency factor (X) of 1%, which will remain in 2024. Safety labour costs or technical consumption are not subject to X factor. For 2024, labour costs are capped to inflated 2023 base. For the year 2024, the technological consumption (TC) is calculated using the ANRE methodology and is evaluated based on the formula: 25% at the market price and 75% at the regulated price (150 lei/MWh). After March 2025, TC value will be assessed at market price. Non-controllable costs (taxes, royalties) are a pass-through borne by consumers.

Technical losses are a pass-through cost borne by consumers.

For 2024, there are some specific temporary provisions related to (i) controllable operational costs; (ii) staff costs, and; (iii) occupational safety costs, which cannot exceed the substantial value for 2023 adjusted by the estimated 2024 inflation of 2024, according to the ANRE Order No. 101/2023<sup>18</sup>.

### Revenue corrections and corresponding tariff corrections (Deviation Factor)

ANRE reviews each year the level of the corrected regulated revenue in order to balance projected against actual. Where the corrected revenue for Year (n-1) leads to a significant change in the distribution tariffs, ANRE may decide, in consultation with a DSO, that part of this revenue shall be recovered in the following

<sup>15</sup> ANRE Order no. 217/2018 for the approval of the Methodology for establishing regulated tariffs for distribution services in the natural gas sector

<sup>16</sup> Methodology for establishing regulated tariffs for distribution services in the natural gas sector approved by the ANRE Order no. 217/2018, article 3, para 1, items 3 and 4.

<sup>17</sup> Please see < <https://www.anre.ro/ro/gaze-naturale/legislatie/preuri-si-tarife-gn/20211621917362> >

<sup>18</sup> ANRE Order No. 101/2023 amending and supplementing the Methodology for establishing regulated tariffs for distribution services in the natural gas sector, as approved by the ANRE Order No. 217/2018



year(s), as appropriate, and the update shall be made at the inflation rate corresponding to the period in which the recovery is made.

The adjusted regulated revenue for each year of the regulatory period shall form the basis for determining the distribution tariffs, which the DSO is entitled to charge in the contracts for distribution services.

Mid-year revenue corrections are also possible where material changes to costs or distributed volumes are observed: > or < than 10%.

### **Income and Tariffs**

ANRE recognizes the costs (variable and fixed) calculated for the regulated revenue of the first year of the regulatory period (the basis of the allowed revenue) based on the proposals put forward by the DSOs.<sup>19</sup> DSOs are obliged to submit to ANRE proposals for the regulated revenue, the corrected regulated revenue and for distribution tariffs for the first year of the regulatory period, together with supporting documentation, 150 days before the first day of the tariff year.

Based on the proposals submitted by the DSOs and an internal analysis, ANRE issues a report with proposals for distribution tariffs which will then be subject to approval.

The tariff system for the distribution of natural gas comprises five differentiated tariffs per client category for each of the licenced distribution operators. Customers are differentiated primarily based on their gas consumption, as follows:

| Gas consumer categories<br>Customer categories | Units | Annual gas consumption |          |
|------------------------------------------------|-------|------------------------|----------|
|                                                |       | Minimum                | Maximum  |
| C.1                                            | MWh   |                        | <280     |
| C.2                                            | MWh   | >280                   | ≤2,800   |
| C.3                                            | MWh   | >2,800                 | ≤28,000  |
| C.4                                            | MWh   | >28,000                | ≤280,000 |
| C.5                                            | MWh   | >280,000               |          |

Source: FTI analysis based on ANRE Methodology for establishing regulated tariffs for distribution services in the natural gas sector approved by the ANRE Order no. 217/2018 article 48

Apart from the tariffs based on consumption, two further types of tariffs are applied, for customers who: (i) benefit from the proximity distribution tariffs (C6) and those who (ii) benefit from the transit distribution tariffs (C7).

The annual tariff is a ratio of regulated revenue and estimated distributed gas volumes for each customer category, calculated each year.

$$\text{Annual Tariff} = \frac{\text{Regulated Revenue (AR)}}{\text{Number of projected units of gas}}$$

Where

- The ANRE Annual Allowed Revenue is the corrected regulated revenue, determined as the sum between the Regulated revenue and the adjustment/ correction elements provided by ANRE.
- Estimated distributed gas volumes for Yn is submitted to ANRE by each DSO

Estimated distributed gas volumes for each year, ahead of the Annual Tariff setting are submitted by a DSO and approved by a Regulatory Committee of ANRE.

### **Incentive mechanisms including other income. Ancillary Services**

The Methodology on Gas Distribution Tariffs provides that the revenues obtained by a DSO from ancillary activities are not considered regulated revenues of the distribution activity. Moreover, the costs incurred with ancillary activities are not included in the costs recognized by ANRE for the distribution activity.

<sup>19</sup> Methodology for establishing regulated tariffs for distribution services in the natural gas sector approved by the ANRE Order no. 217/2018.





However, if during a regulatory year the rate of return achieved from the ancillary activities exceeds the 5% allowed limit, the excess will be considered revenue related to the distribution activity –

#### ***Capital expenditure efficiency***

According to the Procedure regarding the qualification and criteria to approve the investment plans of the TSO, DSO, Storage and LNG/Hydrogen Terminals for natural gas dated 13 March 2019, approved by the ANRE Order No. 38/2019, before each regulatory period the DSO has to produce and submit a 5-year investment plan, financially detailed per each year of the regulatory period. The investment plan for DSOs with more than 100,000 customers also contains financial details for each category of works, for every year of the regulatory period. The investment plans must be approved by ANRE.

For DSOs covering more than 100,000 customers, the value of the investments intended for amenities cannot exceed 15% of the total value of the annual investment plan.

The DSO can amend the investment plan for the current year until 1 October with the observance of ANRE requests. The DSO has the obligation to justify each change of the investment plan and send supporting documents in this sense to ANRE.

ANRE will approve ex-post the performed investments. However, if the total value of an investment exceeds more than 10% the value provided in the investment plan, ANRE will keep in the regulatory asset base only those justified investments.<sup>20</sup>

*Efficiency drivers:* ANRE sets the controllable and non-controllable (pass-through) costs for the first year of the regulatory period based on an analysis considering the costs submitted by each DSO.<sup>21</sup>

An efficiency factor (X-factor) is applied on controllable OPEX (excluding costs regarding technological consumption, expenses with social security and personnel costs), during the regulatory period. For distribution (DSO), the X-factor is set to 1% for each year of the regulatory period 2020-2023.<sup>22</sup>

In case of exceptional circumstances that might intervene in the development/performance of the distribution activity, ANRE may adjust the efficiency factor, at the request of the DSO.<sup>23</sup>

#### ***Efficiency gains:***

Annual efficiency gains achieved throughout a regulatory period, shall be accumulated and transferred to customers on a straight-line basis during the following regulatory period.

The annual efficiency bonus shall be discounted by the rate of inflation up to the year in which it is to be surrendered and 60% of the efficiency gain realised by the DO from the fourth regulatory period onwards shall be passed on to gas customers and 40% shall be retained by the DO.

The methodology also stipulates that the efficiency bonus realised in the third regulatory period shall be fully transferred on a linear basis over the duration of the fourth regulatory period.

As discussed, the fourth regulatory period regarding distribution tariffs ended in 2023, with 2024 acting as a transition year between the fourth and the fifth regulatory period. For this purpose, a new tariff methodology will be presented for public consultation for natural gas distribution.

#### ***Gas supply regulatory framework in Romania***

The natural gas market is a competitive one and includes the sale of natural gas on the wholesale market (between suppliers, including natural gas producers, gas transactions / services between suppliers and

<sup>20</sup> Procedure regarding the qualification and criteria to approve the investment plans of the TSO, DSO, Storage and LNG/Hydrogen Terminals for natural gas dated 13 March 2019, approved by the ANRE Order No. 38/2019, article 37 para 2.

<sup>21</sup> Methodology for establishing regulated tariffs for distribution services in the natural gas sector approved by the ANRE Order no. 217/2018.

<sup>22</sup> Methodology for establishing regulated tariffs for distribution services in the natural gas sector approved by the ANRE Order no. 217/2018, article 2.

<sup>23</sup> Methodology for establishing regulated tariffs for distribution services in the natural gas sector approved by the ANRE Order no. 217/2018, article 24.



distributors, as well as between suppliers and the transmission system operator) and on the retail market (between suppliers, including producers, and final customers).

The wholesale market includes transactions on the centralized markets, bilaterally negotiated contracts, and other types of transactions and contracts.<sup>24</sup>

Centralized markets where gas can be traded are organized by Romanian Gas and Electricity Market Operator (OPCOM) and Romanian Commodities Exchange (BRM). The most used centralized markets on which transactions currently take place are the following:

- Double Competitive Gas-Forward Platform (BRM)
- Spot Market for Day Ahead and Intraday

*Licensing:* Supply activities on the gas market can be performed by entities licensed by ANRE and during the authorization process the applicant has to prove that it has the managerial, financial and technical capabilities to conduct the activity by providing documents pertaining to the structure of the managing team, the organizational and functioning structure of the applicant, available funds, estimated turnover and quantity of gas to be supplied.<sup>25</sup>

- All twelve gas producers are also licensed as suppliers, the remaining 56 suppliers are companies involved in gas supply only.
- On the retail market suppliers sell natural gas to end customers based on negotiated contracts or standard offers<sup>26</sup>.

*Suppliers of last resort:* the regulated component of the retail market refers to the supply of natural gas by suppliers of last resort to final customers that are not supplied with gas from any other source (examples include, if their supplier's license expires, is withdrawn or suspended, if a customer's supplier fails to conclude a balancing and market access agreement with the TSO).<sup>27</sup>

ANRE appoints at least 7 suppliers of last resort whose combined market share must be at least 70%.<sup>28</sup> Supply of natural gas by the supplier of last resort is ensured temporarily (the minimum or maximum term for which the supply of natural gas can be ensured by the suppliers of last resort depends on the reasons which led to the customer not being supplied with gas from other sources and his annual consumption).<sup>29</sup>

Supply of natural gas by suppliers of last resort is performed based on a framework agreement approved by ANRE.

The price formula applicable by suppliers of last resort is approved by ANRE by Order no. 173/2020 regarding last resort supply of natural gas. Currently there are 7 suppliers of last resort appointed by ANRE.<sup>30</sup>

- Electrica Furnizare S.A.
- E.ON Energie România S.A.
- Engie Romania S.A.
- OMV Petrom S.A.

<sup>24</sup> Article 177 (2) of the Electricity and Gas Law

<sup>25</sup> Regulation for issuance of setting-up authorisations and licenses in the natural gas sector approved by the ANRE Order No. 199/2020

<sup>26</sup> Article 177 (3) of the Electricity and Gas Law.

<sup>27</sup> Article 22 of the Regulation regarding last resort supply of natural gas approved by ANRE Order No. 173/2020

<sup>28</sup> Article 4 of the Regulation regarding last resort supply of natural gas approved by ANRE Order No. 173/2020

<sup>29</sup> Article 24 of the Regulation regarding last resort supply of natural gas approved by ANRE Order No. 173/2020

<sup>30</sup> See <https://www.anre.ro/ro/gaze-naturale/informatii-de-interes-public/furnizare-de-ultima-instanta-gaze-naturale>



- Premier Energy S.R.L.
- PPC Energie S.A.
- S.N.G.N. Romgaz S.A.



**Compensation Scheme:** recently, by Emergency Government Ordinance no. 118/2021, as amended, financial support has been granted to consumers due to the increase of natural gas prices, including by way of a compensation scheme and capped gas prices.

The price cap mechanism is applicable to both household customers and non-household customers. For household customers the final price for the period between 1 April 2022 - 31 March 2025 is capped at RON 0,31/kWh (approx. EUR 0.06/kWh). For non-household customers (with some exceptions) the final price for natural gas is capped at RON 0,37/kWh (approx. EUR 0,07/kWh), applicable for a maximum consumption of 50,000 MWh in the previous year, for thermal electricity producers and for non-household consumers located in the industrial parks qualified according to the applicable law. According to GEO no. 27/2022, the state budget will compensate suppliers if the average purchase price for acquisition of gas for a certain month is higher than the difference between the capped final price provided by law and the other "fixed" components of the capped price (regulated tariffs, supply service fee (the value of which is determined by law), VAT, excise, etc.).

Given the time lag between bill payments and supply business submissions to the Government for top-up payments associated with final user bills then there is an additional burden on cash flows. (Basically, suppliers provide a 'subsidised' bill to customers and claim the Government support monies from the Government directly – this is the main reason for the time lag.)

**Supply of gas:** following the liberalization of the gas market, gas prices registered a steep increase that has raised concerns with public authorities. Measures similar to those applicable in the electricity field have been adopted by the legislators for the natural gas sector and, given the continuous increase in the purchase price of natural gas, starting with September 2021, several suppliers have expressed their intention to give up the natural gas supply activity, requesting the withdrawal / suspension of the natural gas supply license by ANRE. During 2021 ANRE has withdrawn the supply licenses of 11 natural gas suppliers, while during 2022 ANRE has withdrawn 12 supply licenses (out of more than 70 supply licenses), most of which are based on requests for withdrawal made by the suppliers themselves (*Source: ANRE website*).

Per the ANRE Regulatory program for the 2024 – 2025 period, ANRE intends to make additional changes to the legal framework applicable to supply of natural gas by amending, among others, the (i) Regulation for the issuance of setting-up authorisations and licences in the natural gas sector approved by ANRE Order No. 199/2020, and the (ii) Regulation for the supply of natural gas to end customers approved by ANRE Order No. 29/2016 (*Source: ANRE website*).

#### ***Incentive schemes for renewables***

Following the adoption of the 2001 EC Directive, all EU countries, including Romania, who acceded to the EU in 2007, adopted measures to promote electricity generation from renewable sources. The Romania Integrated National Energy and Climate Plan (NECP) from 2021-2030, which was updated on 21 December 2023, sets out its target to meet 36.2% of its total energy consumption from renewable energy sources in 2030.<sup>31</sup> Projections indicate that by 2025, this percentage will reach 32.3%. As part of this plan the country aims to meet 55.8% of its electricity production from renewable energy sources by 2030. Romania expects to achieve this through the construction of new wind and solar capacities for electricity generation.

Romania enacted a support scheme for renewables in 2011, which relied on a system of annual purchase obligations from renewable energy sources (quota) by electricity suppliers, combined with the trading of green certificates (GCs). While this scheme is still in place, only renewable energy capacity in place prior to 31 December 2016 is eligible to benefit from the scheme<sup>32</sup>. Currently, renewable promoters can access incentives to develop small-scale self-producers (prosumers), or larger projects through EU-funded grants.

<sup>31</sup> Updated version of the draft Integrated National Energy and Climate Plan still under public consultation at [https://energie.gov.ro/wp-content/uploads/2023/12/NECP\\_Romania\\_first-draft-version-21.12.2023\\_RO.pdf](https://energie.gov.ro/wp-content/uploads/2023/12/NECP_Romania_first-draft-version-21.12.2023_RO.pdf)

<sup>32</sup> Law 220/2008 for the establishment of the system for the promotion of energy production from renewable energy sources (as amended by Law 139/2010).





*Green certificate scheme:* In 2008, Law 220/2008 was issued for establishing a system to promote the production of energy from renewable energy sources which implemented a support for renewables based on green certificates (GCs) granted to renewable electricity producers. This support scheme became applicable in 2011. Romania later adopted in December 2014 Government Decision 495/2014 (GC Decision) excluding certain categories of consumers from Law 220/2008 to reduce burdens by granting certain pricing exemptions.

The Government aimed to balance the conflicting interests of producers and consumers, and consequently the GC scheme was changed, first through ANRE Order no. 5/2016 (which was later annulled) and Government Ordinance no. 24/2017, which amended Law 220/2008. The later introduced a new mechanism for calculating the mandatory quota from renewable energy, while considering a fixed annual quantity of GCs. The GCs issued after 31 March 2017 and those which were postponed from 1 July 2013 are extended until 2031 and may be traded until March 2032. This provision was aimed at securing the validity of the GCs for the period necessary to be traded, since their previous validity was only 12 months. Currently renewable producers have three options to sell their GCs: they can sell them at a regulated price on the market exchange, directly to suppliers or sell the GCs in an indirect way bundled with Power Purchase Agreements (PPAs).

Currently there are other schemes available to incentivise the development of new renewable power generation in Romania, ranging from incentives to small-scale self-producers (prosumers) to EU-funded grants to build large-scale new generation capacity.

*PPAs & C/Ds:* In 2021 Romania reintroduced bilateral Purchase Power Agreements (PPAs) to the market after this option being unavailable for nearly 8 years. Even though long-term bilateral PPA contracts with a duration of 15-20 years are allowed, most of the current negotiated PPA contracts are signed for a period up to 5-year terms. The long-term PPA market is starting to develop and might accelerate with the evolution of the RES market in the country.

As regards future policies or incentives in place to encourage the use of renewable or low carbon energy, on 10 April 2024, the Romanian Government approved the Decision on the approval of the general framework for the implementation and operation of the support mechanism through contracts for difference for low carbon technologies.

#### **Macro-economic and demographic overview of Moldova**

Moldova is a land-locked country located in Eastern Europe, an official candidate for EU membership since 2022, and member of the North Atlantic Cooperation Council since 1992. Moldova has population of more than 2.5 million, it borders Romania and Ukraine and its capital and largest city is Chişinău.

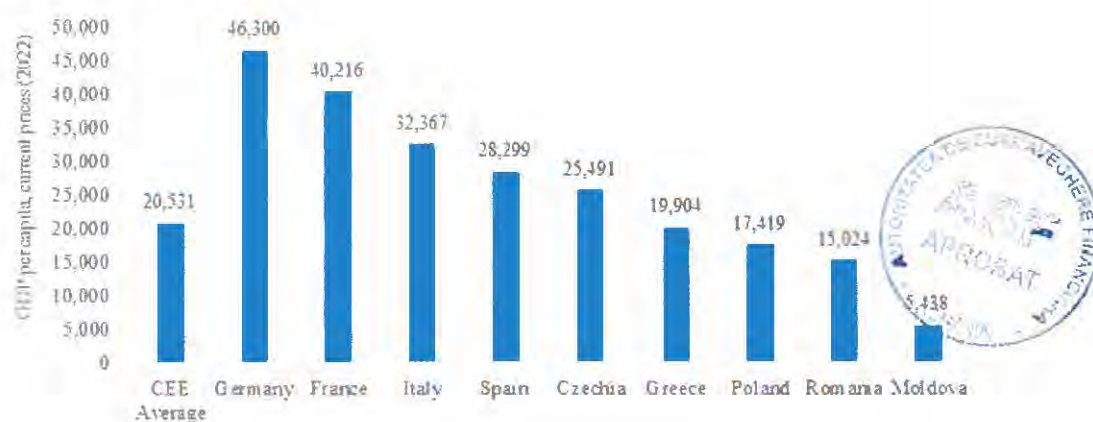
The pandemic, the energy crisis, and the refugee flows caused by Russia's invasion of Ukraine starkly exposed the vulnerabilities of Moldova's growth model to shocks. Moldova is one of the countries most affected by the war in Ukraine, not only because of its physical proximity but also because of its inherent vulnerabilities as a small, energy import dependent, landlocked economy with close linkages to both Ukraine and Russia. Consequently, Moldova exhibited a decline in GDP of 8.3% in 2020 and of 5.0% in 2022. The IMF expects GDP growth to gradually rebound to 1.8% in 2023, and to return to pre-2020 level in 2024. Growth is expected to resume due to strong remittances (which contributed 14% to the 2022 GDP) fiscal stimulus, and better monetary conditions supporting consumption and investments. The medium-term outlook will be influenced by the government's ability to counter the erosion of households' purchasing power while maintaining momentum for the reform program.

Moldova has exhibited a solid economic performance over the past two decades, but still remains among the poorest countries in Europe. In 2022, the GDP per capita in Moldova stood at c. EUR 5,400, compared to a Central and Eastern Europe (CEE)<sup>13</sup> average of c. EUR 20,500 per capita.

<sup>13</sup> Central and Eastern Europe (CEE) countries include Czechia, Hungary, Poland, Romania and Slovenia.



### GDP per Capita in Europe, 2022 (EUR)



Sources: FTI analysis of IMF database and World Bank

Note: The calculation is based on IMF estimates of 2020 Moldovan population; for CEE analysis Czechia, Hungary, Poland, Romania and Slovenia were considered. Annual average exchange rate from World Bank was used for GDP per capita conversion from USD to EUR.

Since 2016 an association agreement between Moldova and the European Union is in force, establishing a deep and comprehensive free trade area with the EU. Actually, the EU accounted for 45% of Moldovan imports and 58.7% of exports in 2022. Moldova's most relevant historical macro-economic and demographic indicators and their expected evolution are shown below.

### Moldovan Macro-Economic Indicators-Historical Values

| Indicators                                                             | Units                   | 2017  | 2018  | 2019  | 2020  | 2021  | 2022  |
|------------------------------------------------------------------------|-------------------------|-------|-------|-------|-------|-------|-------|
| GDP, current prices                                                    | MDL billion             | 176   | 189   | 206   | 200   | 242   | 276   |
| GDP, current prices                                                    | EUR billion             | 8.4   | 9.5   | 10.5  | 10.1  | 11.6  | 13.8  |
| Real GDP growth                                                        | % YoY                   | 4.2%  | 4.1%  | 3.6%  | -8.3% | 13.9% | -5.0% |
| GDP per capita                                                         | EUR                     | 3,030 | 3,490 | 3,910 | 3,833 | 4,475 | 5,438 |
| Inflation                                                              | % YoY                   | 6.5%  | 3.6%  | 4.8%  | 3.8%  | 5.1%  | 28.6% |
| Population                                                             | Million                 | 2.8   | 2.7   | 2.7   | 2.6   | 2.6   | 2.5   |
| Population growth                                                      | % YoY                   | -1.6% | -1.8% | -1.8% | -1.8% | -1.8% | -1.8% |
| Unemployment rate                                                      | % of total labour force | 4.1%  | 3.1%  | 5.1%  | 3.8%  | 3.3%  | 4.6%  |
| Annual average exchange rate of the Moldovan Leu against the Euro      | MDL per EUR             | 20.90 | 19.84 | 19.67 | 19.78 | 20.91 | 19.90 |
| Annual average exchange rate of the Moldovan Leu against the US Dollar | MDL per USD             | 18.50 | 16.80 | 17.57 | 17.32 | 17.68 | 18.90 |

Source: FTI analysis based on IMF World Economic Outlook database (IMF, 2024).

Note: The calculation is based on IMF estimates of 2020 Moldovan population; The data excludes the Transnistrian Region, IMF makes estimate of number of population after 2019.

The Moldovan Leu (MDL) showed relatively stable exchange rates against the Euro and the US Dollar over the last years, as shown in the table above.

### Moldovan Macro-Economic Indicators Outlook

| Indicators          | Units       | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 |
|---------------------|-------------|------|------|------|------|------|------|
| GDP, current prices | MDL billion | 312  | 343  | 380  | 421  | 467  | 517  |
| Real GDP growth     | % YoY       | 2.0% | 4.3% | 5.0% | 5.0% | 5.0% | 5.0% |



| Indicators        | Units                   | 2023  | 2024  | 2025  | 2026  | 2027  | 2028  |
|-------------------|-------------------------|-------|-------|-------|-------|-------|-------|
| GDP per capita    | EUR                     | 6,088 | 6,649 | 7,074 | 7,653 | 8,152 | 9,116 |
| Inflation         | % YoY                   | 13.3% | 5.0%  | 5.0%  | 5.0%  | 5.0%  | 5.0%  |
| Population        | Million                 | 2.5   | 2.5   | 2.4   | 2.4   | 2.3   | 2.3   |
| Population growth | % YoY                   | -1.8% | -1.8% | -1.8% | -1.8% | -1.8% | -1.8% |
| Unemployment rate | % of total labour force | 4.9%  | 4.2%  | 4.2%  | 4.2%  | 4.2%  | 4.2%  |

Source: FTI analysis based on IMF World Economic Outlook database (IMF, 2024). Note: The calculation is based on IMF estimates of 2020 Moldovan population; The data excludes Transnistrian Region. For GDP per capita, 2022 annual exchange rate was used for outlook

### Moldova's political situation

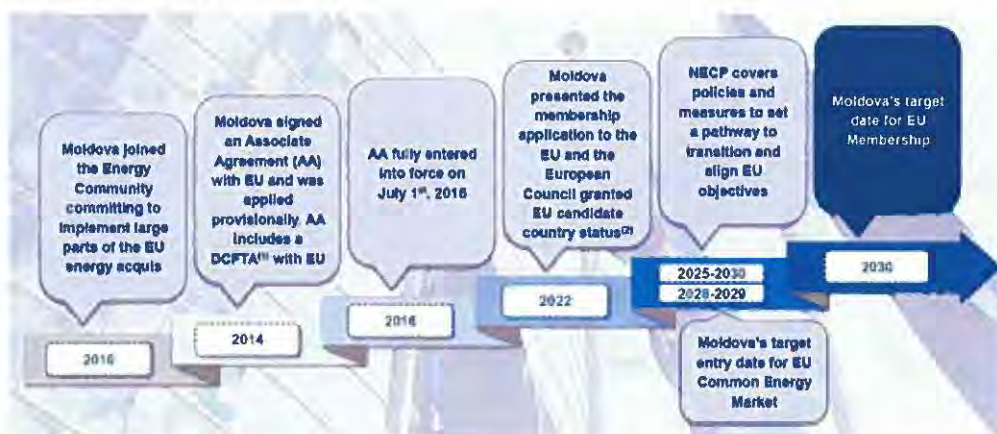
President, Maia Sandu, was elected in November 2020 and is actively promoting a pro-EU agenda. She is active on the international level, promoting bilateral relations with neighbouring countries and strategic partners like the United States of America, as well as a strong cooperation with international financing institutions.

Prime Minister Dorin Recean took office in February 2023 after Natalia Gavrilita resignation following supportive vote by majority members of Moldovan Parliament. Following elections in July 2021, the majority in the Parliament is held by the pro-European Party of Action and Solidarity (62 out of 101 active deputies of the Parliament). Parliament played a major role in the EU accession process, supporting the government's reform efforts. The new Government has remained focused on Moldova's reform agenda; and has improved the transparency decision making and democratic accountability mechanisms.

A region in Moldova (the Transnistrian region) with about 347,000 inhabitants declared independence from Moldova in 1990, however, remains internationally recognized as part of Moldova. Since then, Transnistria has very close ties with Russia and has aligned politically with pro-Russian separatists.

Following Russia's invasion of Ukraine, Moldova has applied for full membership in the European Union in March 2022 and was granted the formal status of membership candidate later that year, starting accession negotiations in December 2023 (European Commission, 2023). Moldova has set itself the target to gain EU membership by 2030. More recently Moldova has committed itself to align its legal framework with the overall EU energy and climate policy goals as defined by recent EU legislative packages (Green Deal, Fit for 55, REPowerEU), the Paris Agreement, and Energy Community commitments.

### Moldovan path to EU membership



Source: February 2024 Premier Energy Analyst presentation

### International support for Moldova's energy transition

Over the last years Moldova has benefited from a multitude of EU and international development support schemes. Several of these are to address the Moldovan energy sector and its decarbonisation. Historically, the biggest donors for Moldova's energy sector have been the EBRD, the European Union (via the EU



Delegation in Moldova), the World Bank, the Swedish International Development Cooperation Agency and the United States Agency for International Development.



With the EU granting candidate status to Moldova in June 2022 and starting accession negotiations in December 2023 (European Commission, 2023), additional EU financial support will be available in the future to support the new policies that will be adopted in the energy market. Those are expected to be mostly oriented to liberalize the market and to increase the energy security, including the expansion of interconnections. Moldova also plans to join the EU common energy market in 2028-29, before reaching full EU accession.

In total, more than EUR 2.5bn will be available to Moldova across multiple support schemes, with a strong focus on energy security and energy transition investments. One of the key investments in the security of supply of electricity in the country is the Moldova Romania Power Interconnection Phase II project, which will build a high-voltage transmission line between Moldova and Romania to be financed with loans of EUR 32m from EIB and EUR 16m from EU EIP. The EIB and EBRD are also financing Moldova's 4-year investment programme to modernise the country's electricity distribution network, including modernisation, digitalisation and expansion of the electricity grid, with a loan of EUR 58m (USD 60m), split equally among the banks.

### Electricity sector in Moldova

Moldova's electricity sector is historically characterized by its strong dependence on one thermal power plant located in the Transnistria region. Since 2022 Moldova has, however, increased its interconnection with Romania and is now synchronised with the ENTSO-E area – a key step towards integration with the EU electricity market. Further expansion of cross-border capacities to both Romania and Ukraine are planned.

In Moldova transmission and distribution are unbundled from electricity supply and generation in line with Energy Community requirements. Currently, two distribution system operators (DSOs) namely RED North (100% state-owned) and Premier Energy Distribution (privately owned) and one transmission system operator (TSO) namely SE Moldelectrica (state-owned) operate in Moldova.

### Sectors of Activities of Key Electricity Industry Players in Moldova

| Key Player                                                      | Generation | Generation (Renewable) | Field of activity |              |        |
|-----------------------------------------------------------------|------------|------------------------|-------------------|--------------|--------|
|                                                                 |            |                        | Transmission      | Distribution | Supply |
| Termoelectrica JSC                                              | X          |                        |                   |              |        |
| CET Nord JSC                                                    | X          |                        |                   |              |        |
| Kuciurgan Power Plant (MGRES Power Plant)                       | X          |                        |                   |              |        |
| Costesti HPP ("Nodul Hidroenergetic Costesti" State Enterprise) |            | X                      |                   |              |        |
| Fly Ren First Solar Park LLC                                    |            | X                      |                   |              |        |
| Sudzucker Moldova JSC                                           |            | X                      |                   |              |        |
| Irarom Grup LLC                                                 |            | X                      |                   |              |        |
| Printemps LLC                                                   |            | X                      |                   |              |        |
| Nordix-Prim LLC                                                 |            | X                      |                   |              |        |
| Importex Trans LLC                                              |            | X                      |                   |              |        |
| Moldelectrica State Enterprise                                  |            |                        | X                 |              |        |
| Premier Energy Distribution JSC                                 |            |                        |                   | X            |        |
| RED Nord JSC                                                    |            |                        |                   | X            |        |
| Furnizarea Energiei Electrice Nord JSC (FEE Nord)               |            |                        |                   |              | X      |
| Premier Energy LLC                                              |            |                        |                   |              | X      |
| Navitas Energy LLC                                              |            | X                      |                   |              | X      |
| ML Energy Group                                                 |            |                        |                   |              | X      |
| Energocom JSC                                                   |            |                        |                   |              | X      |

Source: FTI analysis based on ANRE data (ANRE MD, 2024), ANRE Trimester report III 2023 (ANRE MD, 2023)

Note: The table shows only those three suppliers (out of a total number of 78 companies licenses to supply electricity) that are active in supplying of electricity in Moldova as of 26 January 2024; the Kuciurgan Power Plant (MGRES Power Plant) is located in the Transnistrian Region



### Electricity demand and drivers in Moldova

Electricity consumption in Moldova has grown from 2017 to 2021 by 2.5% p.a. (CAGR), with total consumption equalling 4,614 GWh in 2021 (industrial: -0.1%; commercial: 4.7%; agriculture: 18.3%; residential: 2.8%; transport: -13.5%). The residential sector has had the largest share of demand ranging from 38% to 41% (growing by a 2.8% CAGR between 2017 and 2021), followed by the commercial sector with 28% to 31% (2017-2021 CAGR of 4.7%) and the industrial sector with 17% to 20%. According to ANRE, total electricity consumption decreased in 2022 due to limitation to import electricity in September 2022, power supply outages caused by military actions and the undertaking of electricity saving measures by final consumers as electricity prices increased.

Access to electricity is available to the entire territory of Moldova with no villages/cities without access to electricity. In 2023, the "Rabla for Household Appliances" programme was launched in Moldova to replace old appliances and reduce bills in households. In 2022, there were around 2,000 electric cars and 25,500 hybrid cars in Moldova, out of a total of c. 1m cars in the country. The number of electric cars registered in Moldova is constantly increasing, also reflecting Government actions to promote electric vehicles.

Key drivers include:

- **Energy security:** Moldova is looking to reduce dependence on energy imports and diversification of energy resources and import routes. Moldova already carried out up measures to achieve this aim: its synchronisation with the ENTSO-E electricity market and the significant increase of interconnectivity with Romania, the expansion of the use of renewable energy to meet domestic needs and its integration with the wider European gas market.
- **Energy efficiency:** Moldova attains a national target for the final energy consumption of 2,800 ktce (c. 32.6 TWh) by 2030. Moldova's draft NECP includes existing and planned policy measures such as promotion of the electrification of road and rail transport and promotion of energy efficiency in Small and Medium-sized Enterprises (SMEs) and install renewable energy plants.
- **Total electricity consumption** is expected to reach 4,408 GWh in 2025, 4,664 GWh in 2030 and 7,722 GWh by 2050. Residential electricity consumption is expected to reach 2,252 GWh by 2030 as compared to 1,825 GWh in 2021. In Transport, the electricity consumption is predicted to increase to 278 GWh by 2030 as compared to 46 GWh in 2021. By 2030 in the Industry Sector, electricity consumption is expected to increase to 746 GWh, similar levels from 2017 to 2021 (between 747 GWh and 811 GWh).

### Electricity production in Moldova

In February 2024, Moldelectrica reported a total installed capacity of 3.2 GW. The Moldovan CERS plant – located on the Left Side of the Dniester River in the Transnistria Region – is the biggest power plant in Moldova – providing 93.7% of total Moldovan generation in 2023. Total production in 2023 reached 4,159 GWh, of which 261 GWh (6%) came from renewable sources.

#### Total Installed Capacity for Electricity Excluding Net Metering

| Sector       | Units     | 2024         |
|--------------|-----------|--------------|
| Thermal      | MW        | 2,929        |
| Wind         | MW        | 131          |
| Solar        | MW        | 84           |
| Hydropower   | MW        | 64           |
| Biogas       | MW        | 7            |
| <b>Total</b> | <b>MW</b> | <b>3,215</b> |

Source: FTI Analysis based on Moldelectrica website data (Moldelectrica, 2024)

Note: Installed capacity as per February 2024

Besides utility operated capacities, there are also industrial prosumers active in Moldova. The increase in renewable generation in 2022 compared to 2021 was mainly due to wind energy (87% increase of generation) and solar energy (253% increase in generation) based on increases in installed capacity.

The draft National Energy and Climate Plan (NECP), which was published in December 2023, depicts the expected development of renewables in the country. While the document is still in public consultation stage,





it is currently the best reference to understand the measures and actions that Moldova plans to implement to develop the renewable energy sector up to 2030.

Moldova reached a 23.57% of penetration of renewable energy in its final energy consumption in 2020, exceeding its overall 2020 target of 17%. However, Moldova's renewable sector is less developed than neighbouring countries. For the Right bank of the Dniester River, there is a commitment to increase the share in final energy consumption to 27% in 2030. However, only the sectoral target for heating and cooling was surpassed, while contributions of renewable energy in electricity and transport are still very low.

There are discussions at the Energy Community level about establishing new renewable energy targets up until 2030. However, until now, no decision has been taken. A study on 2030 overall targets for the Energy Community has been carried out with the support of the Energy Community Secretariat with a focus on renewable energy and energy efficiency targets and GHG emission reduction.

In December 2021, the Government approved a new decision (Decision no. 401<sup>34</sup>) on capacity limits, maximum quotas and categories of capacities for electricity production from renewable sources to be applied until 2025. According to the Decision no. 401, the implementation of these capacities was implemented to promote the use of renewable sources.

A license for electricity production is required for producers who own power plants with an installed capacity of 5 MW and above, if this capacity is used for public consumption and of 20 MW and above if this capacity is used for own consumption.

#### Moldovan Top Five Electricity Producers-Summary

| Producer                      | Power Plant     | Fuel type | Installed capacity in 2024 MW | Annual generation |          |
|-------------------------------|-----------------|-----------|-------------------------------|-------------------|----------|
|                               |                 |           |                               | 2022 MWh          | 2023 MWh |
| Termoelectrica S.A.           | CET -1 Chisinau | Thermal   | 66                            |                   |          |
|                               | CET -2 Chisinau | Thermal   | 258                           | 528.0             | 574.3    |
| CET-Nord S.A.                 | CET Balti       | Thermal   | 37                            | 83.5              | 78.8     |
| Nodul Hidroenergetic Costesti | CHE Costesti    | Hydro     | 16                            | 41.2              | 68.8     |
| Dubasari Hydro Power Plant    | CHE Dubasari    | Hydro     | 46                            | n/a               | n/a      |
| Moldavskaya GRES              | Moldovan CERS   | Thermal   | 2,520                         | 2,708.4           | 3,293.7  |

Source: FTI Analysis based on Moldelectrica website Annual Data Report (Moldelectrica, 2024)

Note: Electricity generated and delivered into the grid (excludes own-consumption of the power plants). Generation data for Moldavskaya GRES Power Plant is based on electricity balances of Moldelectrica for 2022 and 2023. These figures reflect the amount of electricity delivered by Moldavskaya GRES to Moldovan regions on the Right bank of the Dniester River

#### Import of electricity and electricity distribution in Moldova

Historically, Moldova relied heavily on electricity from the biggest plant of Moldova located in the Transnistria region and imports from Ukraine to meet its electricity demand. In 2022, the Moldovan electricity system was synchronized with the ETSO-E Continental European system thereby allowing also for imports and exports from/to Romania.

In 2022, Moldova has exchanged electricity with Romania for the first time. In 2023, Ukraine net import/export balance stood at 68.8 TWh and for Romania net import/export balance stood at 69.4 TWh. In 2023, interconnection capacities stood at: Romania: Import 200-800 MW | Export 200-625 MW (400kV and 110kV lines) and Ukraine: Import 0 MW | Export 800 MW.

Electricity distribution is conducted by two DSOs: Premier Energy Distribution and RED Nord, as per ANRE License register. Premier Energy covers 70% of the Moldovan territory, south and centre side, and is present in 20 of the 37 districts as well as in Chisinau. RED Nord is the DSO for the remainder of Moldova (excl. the regions on the Left bank of the Dniester River).

<sup>34</sup> In relation to the implementation of the support scheme for electricity produced from renewable energy source, established by the Law no. 10/2016)



### **Electricity supply in Moldova**

To supply electricity on the retail market, a producer must obtain a license for electricity supply. Currently, there are no electricity producers in Moldova supplying electricity directly to final consumers.

The supply area of the two suppliers with the public supply obligations (PSO) of universal service and supply of last resort (Premier Energy SRL and FEE Nord) corresponds to the distribution areas of their two associated DSOs (Premier Energy Distribution and RED Nord). Non-regulated suppliers do not have a dedicated geographical area in which they supply electricity.

### **Electricity wholesale prices and retail tariffs in Moldova**

Regarding historic wholesale prices, up until February 2024 there was no organised electricity market (exchange) established in Moldova, therefore no wholesale electricity prices are available. Average "electricity purchase prices"<sup>15</sup> for the last 5 years as published by ANRE are reported below.

#### **Moldovan Historic Wholesale Electricity Prices**

| Index                              | Units   | 2018  | 2019  | 2020  | 2021  | 2022  |
|------------------------------------|---------|-------|-------|-------|-------|-------|
| Average electricity purchase price | EUR/MWh | 50.09 | 53.68 | 49.18 | 49.78 | 86.94 |

Source: FTI analysis based on ANRE reports data (ANRE MD, 2022). Note: Prices reported by ANRE in Bani (100 Bani = 1 MDL) were transformed using average annual exchange rate from World Bank

### **Regulatory framework in Moldova**

Key policy makers in the energy sector of Moldova are Parliament, Ministry of Energy, National Agency of Energy Regulation (Moldovan ANRE) and State Commission for Emergency Situations (CSE).

The electricity and natural gas sectors are regulated by primary Law relating to electricity no. 107/2016 and Law on natural gas no. 108/2016, and a separate Law on energy no. 174/2017, which established the main principles for organizing activities, as well as competences of the regulatory authority. These laws were adopted to ensure transposition of the EU third Energy Package. Implementation through the issue of secondary acts was developed and approved by ANRE and by the Government (the relevant ministry being responsible for developing the drafts).

Electricity and natural gas distribution activities, as well as supply activities in these sectors are based on licenses, issued by ANRE including a license for electricity distribution, license for natural gas distribution, license for electricity supply and a license for natural gas supply. The licensing procedure, including the requirements to be fulfilled by applicants, the necessary documents to be filed and the deadlines are established in the Law on electricity (Chapter III), Law on natural gas (Chapter III) and the Law on regulating entrepreneurial activity through authorization no. 160/2011 which sets general principles and procedure to be followed in order to obtain a license.

In addition, for the purposes of setting tariffs in these sectors ANRE approves tariff setting methodologies which are issued under the respective Law on electricity and Law on natural gas (No. 107/2016 and No. 108/2016) as resolutions or secondary legislation documents.

These resolutions in effect set the tariff/price control periods (currently 5 years) and ultimately each company's allowed revenue via a published mechanism.

### **Electricity Distribution Regulation**

Electricity distribution activities are fully regulated, meaning that the tariffs for electricity distribution services are approved by ANRE according to a published tariff methodology, developed and approved by ANRE. The Law on electricity defines in article 87 the main principles regarding the calculation and approval of regulated distribution tariffs.

ANRE utilises a revenue cap economic model for the regulation of electricity distribution companies. Maximum allowed revenues are calculated based on a building-block methodology considering a quasi

<sup>15</sup> The methodology for calculating these prices is not public but we understand that they reflect volume weighted average prices of bilateral wholesale electricity contracts.





pass-through of allowed costs, and regulated return on investments. When calculating tariffs, the Allowed Revenue (AR) is adjusted for over/under-recovery in earlier years.

The tariff methodology is approved for a period of 5 years and reviewed at the end of each regulatory period. The next update is overdue, so the 2018 methodology is still applicable, being prolonged by ANRE decision No. 116/2023 of 17 March 2023 approving the extension of the application deadlines until the approval of the new methodologies. ANRE may also modify approved tariff methodologies within a regulatory period in case of amendments to primary legislation which directly affect the tariff setting principles or in other cases when such interventions are properly justified.

#### Allowed Revenue

Allowed revenues are calculated combining (i) a "RAB times WACC" remuneration with annual (partial) WACC update, (ii) cost of allowed energy losses, (iii) OPEX incentives over the regulatory period (usually 5 years) and (iv) an annual make-up of deviations between plan and actual cost. Deviations can result from differences between forecast vs. actual values for (i) exchange rate, (ii) CPI, (iii) loss volumes (iv) cost of electricity for losses and (v) grid usage and lead to a make-up in following years.

During the year a distribution system operator (DSO) has the right to request ANRE to update the tariffs, if there are factors outside the control of the DSO (changes in the electricity purchase prices, fluctuation of the national currency exchange rate, adoption of legislative and normative acts establishing additional obligations on DSO, leading to increased distribution costs), which justify such an update and which lead to a deviation of more than 5% of the annual distribution cost established in tariffs.

$$\text{Allowed Revenue (AR)} = \text{RAB}_{\text{USD}} \times \text{WACC}_{\text{USD}} + \text{RAB}_{\text{USD}} \times \text{WACC}_{\text{USD}} + \text{OPEX}_{\text{USD}} \times \left( \frac{\text{CPI} - \text{X}}{\text{X} - 0.2 \times \text{CPI}} \right) \times \left( \frac{1}{\Delta \text{GC}} \right) + \text{Losses} \pm \text{Difference make-up (Yn-1)}$$

Where:

#### Allowed Revenue

Are set separately for three voltage levels ( $\leq 0.4 \text{ kV}$ , 6-10 kV, 35-110 kV)

Are to be translated into tariffs for kWh distributed electricity or kW contracted capacity

➤ **RAB** – For foreign-owned DSOs the regulated asset base (RAB) is denominated in USD

The RAB is denominated in USD; depreciation and return on capital are therefore determined in USD  
For tariff determination, the USD values are converted to MDL using the annual average exchange rate  
Capital cost-based revenues are therefore insulated from exchange rate fluctuations (USD vs. MDL)

➤ **WACC** – is determined annually

The risk-free rate is set annually at previous year's 10-year US treasury level

The country risk premium is updated annually but a cap of 7.5% is applied

The equity risk premium is set at 5.2%

The unlevered Beta is set at 0.19

The debt interest rate is updated annually to the average rate of USD de-nominated corporate debt issued in Moldova

The debt to equity ratio is set at 35:65

➤ **OPEX index and incentives**

Permissible OPEX for each year of the five year regulatory period are derived from "base-year" OPEX  
"base-year" OPEX are therefore inflated using partly MDL, partly (e.g. for equipment cost) US inflation indices and USD exchange rate, and partly MDL minimum wage level

Only 80% of the actual inflation index changes are applied to account for expected efficiency gains

Permissible OPEX in each year scale compared to "base-year" OPEX with the number of grid connections ( $\Delta \text{GC}$ )

Working capital is considered up to a level of 10 days of distribution invoices (insofar as proven to have been acutely incurred)



#### ➤ *Losses – Technical losses reduction sharing*

*The economic benefit of loss reductions are to be split (50:50) between DSO and end-users*

#### ➤ *Difference make-up ("deviation factor")*

*Revenue differences from (i) forecast cost vs. actual cost; and (ii) forecast vs. actual grid usage are made up in the next year*

#### ➤ *Difference bear interest at WACC level*

#### **Revenue corrections and corresponding tariff corrections (Deviation Factor)**

ANRE each year determines – ex-post – the actual permissible regulated revenues – based on actual rather than projected values for the impacting factors – in order to determine differences between projected actually charged and actually allowed revenues. A "deviation factor" is then applied to allow to make-up these differences accrued in for the previous year (n-1) in the current year (n). Where the actual permissible revenues for Year (n-1) leads to a significant change in the distribution tariffs, ANRE may decide – in consultation with a DSO – that part of this revenue shall be recovered in the later year(s).

#### **Distribution tariffs**

As with the determination of Allowed Revenue (AR) for three different voltage levels, final user tariffs are calculated each year based on each AR value against a forward projection of quantities delivered or carried per voltage level:

|                |                  |
|----------------|------------------|
| High Voltage   | 110 – 35 kV      |
| Medium Voltage | 10 – 6 kV        |
| Low Voltage    | 0.4 kV and lower |

The tariffs for the electricity distribution services are calculated annually by the DSO and approved by ANRE in accordance with the provisions of the published methodology. At the beginning of each year, each DSO submits to the agency their calculation of tariffs, carried out in accordance with this methodology. Subject to compliance, ANRE will then update, approve and publish the new tariffs no later than 1 April of that year. The tariffs will enter into force and will be applied after the publication of the decision of the ANRE's Administrative Board in the Official Gazette of Moldova. The annual tariff is determined as the allowed revenues divided by projected capacity of electricity (capacity subscribed or electricity distributed).

$$\text{Annual Tariffs (per voltage level)} = \frac{\text{Allowed Revenue (AR)}}{\text{Forecast grid usage (i.e. consumption or contracted capacity)}}$$

The Annual Allowed Revenue herein is the corrected regulated revenue, determined as the sum of (i) the Regulated revenue and (ii) the adjustment/ correction elements provided by ANRE.

The adjusted regulated revenue for each year of the regulatory period forms the basis for determining the distribution tariffs, which the DSO is entitled to charge in the contracts for the provision of distribution services.

#### **Incentive mechanisms**

*Auxiliary services* are specific non-distribution services provided to system users, for example, connection to the grid (a potential consumer may request the DSO to carry out the design and construction works to connect an installation to a power network and these services are provided at specific tariffs set by ANRE), disconnection from the grid, reconnection (for example, a consumer who was disconnected initially from the network requesting the DSO to be reconnected so in this case the DSO has some costs to accommodate





this request (fuel/transportation costs, labour costs, etc), uninstalation of an existing meter and other similar services). The list of auxiliary services that can be provided by the DSO is established by ANRE. The latest version was published in ANRE Decision No. 472 of 27 July 2023 for RED Nord and in Decision 109 of 1 March 2024 for Premier Energy Distribution.

*System losses incentive:* The cost of system losses (technical losses and non-technical losses) of electricity in distribution networks for each year "n" is determined by the DSO in total for the distribution networks, and separately, for each voltage level (high, medium and low voltage). This cost is based on (i) the amount of electricity required to cover the system losses and (ii) the average price of purchasing electricity in Year "n" to cover these needs.

*Quality of electricity distribution services (QoS):* According to the Law on electricity (art. 54, para. (2)), for non-compliance with the minimal values of the quality indicators, ANRE has the right – but not the obligation – to reduce the tariffs for electricity distribution by up to 10% of the value of the tariff and/or to establish individual compensations to be paid by the system operator to the system users, in line with the Regulation on quality of electricity transmission and distribution services.

As listed in the relevant secondary legislation (Resolutions no. 64/2018 and no. 65/2018 of 23 February 2018)<sup>16</sup> the methodology for the determination of allowed costs and tariffs is valid for a period of 5 years. Consequently, the electricity distribution and supply methodology as approved by ANRE in 2018 expired in March 2023 and the period of applicability was extended until a new methodology is approved. To set and approve new methodologies, ANRE is required to develop drafts of the new documents and publish them for public consultation over a defined period. Up until the end of March 2024, ANRE has not published the new drafts, nor even signalled the intention to develop or amend the existing methodologies.

#### ***Electricity retail regulation in Moldova***

Electricity supply activities are considered to be deregulated (as regards the choice of the electricity supplier), except for supplier of last resort responsibilities and the activity of supply to households and small enterprises (termed "universal service"). The procedure for the final consumer to change supplier is also established in the Law on electricity. Additionally, ANRE may impose a public service obligation (PSO) on one or more suppliers to ensure the availability of a supplier of last resort. A last resort supply shall supply electricity to final customers who have lost their supplier. These services are to be provided under regulated conditions and at regulated prices approved by ANRE for a period of up to 90 calendar days.

Suppliers with a PSO must conduct competitive procurement procedures (tenders) to buy the necessary electricity at the lowest costs. In February 2022, due to the emergency situation declared by the Parliament of Moldova, the electricity tendering procedures were suspended. According to the Decision no. 2 of the State Commission for Emergency Situations (CES), universal service providers, had to apply a simplified tendering procedure, approved by ANRE. On 1 May 2022, by Decision no. 19/2022 of CES the central supplier JSC "Energocom" was designated with the public service obligation to procure the electricity requested by the universal service suppliers, last option suppliers and system operators for the period 1-31 May 2022. Suppliers and system operators had to conclude contracts for the purchase of electricity with Energocom. Later, based on a series of decisions of CES, the period of application of the obligations imposed in relationship with Energocom and universal service providers was extended until the end of 2024.

Currently (i.e. as of January 2024), there are 78 electricity supply licensees in Moldova, but only a limited number of suppliers are active on the retail market.

The methodology for the setting of regulated prices is approved by ANRE Resolution No. 65/2018 issued on 23 February 2018 relating to Regulated Electricity Supply Prices<sup>17</sup>. The methodology is updated every 5 years; the next update is overdue, so the 2018 methodology is still applicable, being prolonged by ANRE

<sup>16</sup> According to item 2 of the ANRE MD Resolution no. 64/2018, the methodology for determining tariffs for the distribution of electricity shall apply for a period of five years.

<sup>17</sup> Full title – Resolution on the approval of the methodology for the calculation, approval, and application of regulated prices for the supply of electricity by suppliers of last resort and universal service suppliers



decision No. 116/2023 of 17 March 2023 approving the extension of the application deadlines until the approval of the new methodologies.

For regulated supply under a PSO, retailers generate a base profit from a revenue margin and have potential upsides from (i) OPEX outperformance, and (ii) increasing the numbers of supplied end-users while not proportionally increasing OPEX.

Differences in inter alia forecasts of (i) sales volume or (ii) procurement cost can lead to the need for make-up in following years.

#### Scheme for the calculation of allowed revenues

$$\text{Allowed Revenue (AR)} = \left( \text{Electricity procurement (Yn)} + \text{Transmission \& Distribution cost (Yn)} + \text{Retail OPEX(Y0)} \times \text{CPI} \times \frac{1 + \Delta U}{\Delta U} \right) \times \frac{1.01}{1.01 - 1\%} \pm \text{Difference make up (Yo-1)}$$

Where:

##### ➤ Electricity Procurement cost

Electricity bought from regulated domestic producers and balancing energy is considered "at cost"  
Incentive component: For free market volumes (domestic production & imports), 50% of procurement price reductions compared to the previous year increases allowed revenues

##### ➤ OPEX indexation

Over the five year regulatory period, permissible OPEX are determined annually from "base year" OPEX  
All OPEX are inflated using partly Moldovan, partly US inflation indices and partly Moldovan minimum wage level

Base year OPEX are scaled with changes in the number of supplied end-users

Working capital requirements are considered to cover max. 25 days of retail invoice revenue (insofar as proven to have been actually incurred) and remunerated at debt interest rates

##### ➤ Base Profit

A 1% revenue margin is granted on top of all costs for a given year

##### ➤ Difference make-up

Revenue differences from (i) forecast cost vs. actual cost and (ii) forecast sales volumes vs. actual retail volumes are made-up in the next year

Deviations bear interest at debt rate levels

#### Calculation of retail energy tariffs

$$\text{Retail energy tariffs (per voltage level)} = \frac{\text{Allowed Revenue (AR)}}{\text{Forecast retail volumes}}$$

Retail energy sales tariffs are determined based on allowed revenues and forecast retail volumes

Retail prices are set separately for five voltage levels.

Tariffs comprise either (i) an energy component (MDL/kWh) or (ii) both an energy component (MDL/kWh) and a capacity component (MDL/kW).

Electricity prices are changed annually unless costs change by more than 5%.

Regulated retail electricity prices are generally changed annually. The supplier has, however, the right to request ANRE to update the regulated prices also during the year, if there are objective factors that cannot be controlled by the supplier (e.g. change in electricity purchase prices, fluctuation of the national currency exchange rate, approval of legislative and normative acts leading to increased supply costs, etc.) that justify





such an update and lead to a deviation of more than 5% of the annual cost of electricity supply included in regulated prices.

Tariff deviations are generally calculated annually to reflect the financial impact of the deviations between the forecasted values (e.g. procurement price, sales volumes, exchange rate fluctuations) applied when setting the regulated price in year "n-1" and actually values ones recorded this year.

Tariff deviations from the previous year (n-1) can be included in the allowed revenues of the current year, i.e. tariff deviations created during the year "n-1" will be included in the regulated price for year "n", bearing interest at the average annual interest rate on bank loans in Moldovan lei, based on deviation values determined monthly. In the event of a change in regulated prices during the year, the tariff deviation generated in this year will be fully considered in the calculation of the new regulated prices. In this case, tariff deviations shall be included in the regulated price so that they are recovered by the end of the year.

#### *Incentive schemes for renewables*

The national objectives for renewable energy in Moldova will be established in the draft National Integrated Energy and Climate Plan (NIECP), that was recently presented for public consultations. According to the drafted NIECP, the national target for renewable energy is 27% of the total gross energy consumption by 2030 (17% in 2020). It is estimated that the share of electricity from RES will increase more than 40 times in 2050 compared to 2020, mostly from new capacity from wind farms (estimated capacity of about 3,074 MW in 2050) and solar PV generators (estimated capacity of 561 MW in 2050).

The incentives for renewable energy sources (RES-E) generation differ depending on the size of an installation:

- net billing for installations up to 200 kW (prosumers);
- administratively set feed-in-tariffs for small-scale projects (small eligible producers);
- auctioned fixed prices for larger projects (large eligible producers);

The net-metering scheme, provided by the Law No. 10/2016 on the promotion of use of energy from renewable sources (RES Law) is no longer granted since the beginning of 2024, although existing net-metering prosumers will continue enjoying this scheme till the end of 2027. The net-billing scheme is applied for the new prosumers from the beginning of 2024 and to all prosumers from 2028.

For projects outside of the net-billing scheme, the RES Law imposes the obligation for a central electricity supplier<sup>38</sup> (CES) to buy all RES-E generated units from generators holding the status of 'Eligible Producer'. Contracts run for a period of 15 years starting from when the plant is put into service<sup>39</sup>. The price at which the CES acquires RES electricity depends on the size of the RES-E power plant owned/planned to be built by an Eligible Producer:

- CES obligation to buy RES-E at fixed prices established in tenders, for large eligible generators with an installed capacity/total cumulated capacity exceeding the capacity limit established by the Government.
- CES obligation to buy RES-E at fixed tariffs (or feed-in-tariffs) established by ANRE for small eligible generators with an installed capacity /total cumulated capacity not exceeding the capacity limit established by Government, but which shall not be less than 10 kW. Currently the capacity differentiation in the scheme is for Wind 4 MW and for solar PV it is 1 MW.

**Tenders:** to implement the support scheme, the Government has established the above-mentioned capacity limits, as well as capacity quotas<sup>40</sup>, which specify the total capacity of MW which can be installed under the support scheme by different technologies established by Government decision no. 401/2021<sup>41</sup>. The

<sup>38</sup> Currently S.A. Energocom (IEA, 2021).

<sup>39</sup> Art. 3, art. 37, para. (1), art. 30, para. (2) letter a) of the RES Law.

<sup>40</sup> Art. 10, letter c) of the Law on RES.

<sup>41</sup> The maximum quotas, available as of 01.02.2024, <https://anre.md/cotecle-disponibile-1-426>.



allocated quotas were 15 MW for small eligible wind generators, 140 MW for solar PV and 150 MW for biomass generators.

Tenders are organized by the Government to support large-scale renewables, following a technology neutrality principle within RES-E. The tenders will apply to renewable generators with an installed capacity exceeding the capacity limits established by the government for FiT eligibility.

Operators intending to build power plants with used/refurbished generation equipment, or equipment manufactured more than 48 months before these are expected to be put into operation are not allowed to participate in RES-E tenders. For biomass cogeneration, only technologies with an overall efficiency of at least 80% are qualified to participate in tenders.

*Feed-in-tariffs:* the first set of feed-in-tariffs, used in the context of the support scheme, were approved by ANRE in February 2020.<sup>42</sup> These fixed tariffs are applied by small-scale RES producers, for whom ANRE confirmed the Eligible Producer status. Another set of feed-in-tariffs were approved in February 2022<sup>43</sup>, February 2023<sup>44</sup>, February 2024<sup>45</sup>, as well as updating those from 2020-2023 in February 2024<sup>46</sup>.

In 2018 ANRE established the FiT level by technology and allocated funding to a defined capacity quota on a 'first come, first served' basis. The tariffs are regularly adjusted to account for USD/MDL exchange rate and cost evolution, with a maximum allowed capacity per plant at 4 MW (for wind), and 1 MW (solar PV and hydro generation). Multiple renewable generation technologies, especially solar PV, had a strong growth with the FiT mechanism, and have now exhausted their corresponding quotas.

*Net-metering scheme:* the net-metering scheme is available for final consumers that installed small-scale RES-E generation facilities in order to offset their own electricity consumption. The net-metering programme is capped at a total aggregated capacity of 15% of the yearly peak load for each DSO (cap that was previously revised by ANRE, increasing from 5% to 15%), being also restricted a maximum of 200 kW installed power, but not more than the power contracted with the own supplier<sup>47</sup>. The RES Law sets additional requirements regarding system design and metering, as well as specific contractual and billing arrangements. According to the Law No 331/2023 on amending the RES Law, the net-metering scheme will be applied until 31 December 2027. Starting 1 January 2028, all beneficiaries of the net metering mechanism become prosumers of electricity from renewable sources for whom the net billing mechanism will be applied from 1 January 2028.

*Small generators and PPAs:* Another incentive scheme available in Moldova allows renewable energy facilities under 5 MW (small generators) to produce and trade in the open market and also conclude short term PPAs with regulated suppliers and system operators at a price not higher than the price obtained by them at the auction.

Renewable producers of up to 18 MW of capacity can also sell their generated electricity to local regulated suppliers based on negotiated bilateral contracts (PPAs) at a price not higher than 90% of the lowest price awarded at the RES Tenders. The Government sets the available maximum quotas for this mechanism, with the PPAs priced in dollar and with a 15-year length limit, with corporate PPAs limited to 18 MW.

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<sup>42</sup> ANRE Resolution no. 54/2020

<sup>43</sup> ANRE Resolution no. 76/2022

<sup>44</sup> ANRE Resolution no. 84/2023

<sup>45</sup> ANRE Resolution no. 106/2024

<sup>46</sup> ANRE Resolution no. 105/2024

<sup>47</sup> Article 39 of the Law on RES.



## 14. BUSINESS

### Overview

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in SEE. The Group has over 1,000 MW of renewable electricity generation capacity under ownership, management or in development in Romania and Moldova along with one of the fastest growing renewable electricity supply businesses in Romania and Moldova. In Romania, the Group is the third largest natural gas distributor in terms of volumes and network size with over 150,000 consumption points. In Moldova, the Group is the largest electricity distributor with almost one million consumption points and the largest electricity supplier with more than 840,000 supply clients, amounting to approximately 70% of the Moldovan population. Together with the signed and announced acquisition of CEZ Vanzare in Romania in December 2023, which was completed with effect from 15 April 2024, the Group will be serving a combined number of approximately 2.4 million gas and electricity supply clients in Romania and Moldova, the vast majority of which are households and small businesses. The Group's business strategy is aligned with the UN Sustainable Development Goals with a focus on Europe's Green Deal initiatives representing EU's proposals to make climate, energy, transport and taxation policies appropriate for reducing net greenhouse emissions by at least 55% by 2030 with clear ESG guidelines and policies in place.

For the year ended 31 December 2023, the Group generated consolidated revenues of EUR 912 million, net profit of EUR 79 million and Normalized EBITDA of EUR 90 million.

### *Renewable electricity generation and supply in Romania and Moldova*

The Group started its renewable electricity business in 2022 with the acquisition of Ecoenergia 34.5 MW wind park and has since expanded its operations through numerous acquisitions and developments (for more information on recent acquisitions, see "*Recent acquisitions*"). In Romania and Moldova in aggregate, the Group total renewables installed capacity increased from 586 MW in 2022 to 826 MW in 2023 (of which 11% is owned, 79% is under management and 10% is under signed SPA) with another 204 MW under development. As such, the Group has a 16% market share of renewables capacity out of the total approximately 4.7 GWh in Romania and Moldova, the largest among competitors. For the year ended 31 December 2023, the Group generated revenues of EUR 186.2 million, net profit of EUR 26.4 million and Adjusted EBITDA of 41.1 million (32% of total Adjusted EBITDA) from its renewables operations.

In Romania, the Group is one of the largest renewable energy players in terms of managed operational capacity and is the largest renewable production manager having approximately 120 (of which 8 are owned) different power plants from all RES technologies and a cogeneration plant, with a total installed capacity of 739 MW (of which 12% is owned) representing approximately 16% of the installed solar and wind energy production capacity, mainly from independent renewable energy producers and own capacity. In Romania, the Group also provides renewable energy producer services such as PPAs, balancing, dispatching, asset management, production forecasting and access market services, as well as project development for green field and project management for ready-to-build renewables projects. The Group has a renewable energy generation capacity in Romania of more than 900 MW either owned, managed (aggregate 739 MW) or in-development (180 MW), as well as continued expansion plans including Battery Energy Storage Systems. Furthermore, in the last quarter of 2022, the Group acquired a cogeneration plant with a 13.2 MW installed capacity for electricity and a 12.5 MW installed capacity for thermal energy. In December 2023, the Group supplied over 0.52 TWh of renewable energy to final customers in Romania (Source: ANRE Report issued at the end of December 2023).

In Moldova, the Group is the largest renewable energy player in terms of managed operational capacity with a total installed capacity of 87 MW under ownership or management (of which 4% is owned) representing approximately 22% of the installed renewables capacity in Moldova as of 31 December 2023. As an aggregator of renewable energy in Moldova, the Group has a renewable energy generation capacity of 51 MW, which includes PPAs with renewable energy producers and own generation (of which 8% is owned). In Moldova, addition to the installed capacity of 87 MW under ownership or management, the Group has an additional 24 MW in development, including a 3.0 MW solar plant which was commissioned on 24 January 2024 and a 3.0 MW solar plant which was commissioned on 29 February 2024.

The Group's vision is to have between 1.4 GW and 1.6 GW of installed capacity either owned or managed in its portfolio and to supply 100% green energy in both Romania and Moldova by the end of 2026.





#### ***Gas distribution and supply in Romania***

In Romania, the Group engages in the distribution and supply of natural gas, together with the maintenance and construction of natural gas distribution network connections and user installations. The Group distributes natural gas to both household and non-household clients, while the supply activity is focused on household, non-household and industrial clients in its concession network as well as industrial clients outside its concession network. As at 31 December 2023, the Group distributed gas to over 150,000 consumption points and supplied gas to approximately 115,000 clients in Romania.

As at 31 December 2023, the Group operated 116 gas concessions throughout Romania out of an estimated total of 950 concessions granted for the entire territory of Romania, and operated a distribution network spanning over 3,600 km of which approximately 80% has the capacity to support green hydrogen distribution as essentially all new pipes constructed by the Group over the past decade are comprised of polyethylene 100 material. The gas concessions are located primarily around Romania's capital city (Bucharest) and the Southern and Western regions of the country, especially in rural areas where demand for gas consumption is expected to grow.

The Group entered the Romanian gas market in 2013 through the acquisition of Gaz Sud S.A. and Grup Dezvoltare Rețele S.A. and is positioned as the third largest natural gas distributor in Romania in terms of volumes and network size as of the date of the Prospectus.

For the year ended 31 December 2023, the Group generated revenues of EUR 306.1 million, net profit of EUR 6.2 million and Adjusted EBITDA of 15.0 million (12% of total Adjusted EBITDA) from its gas operations in Romania.

In 2023, the Group distributed 2,320 GWh of natural gas and supplied 6,063 GWh of natural gas. Based on the publicly available information issued by ANRE as of November 2023, the Group accounted for 5.20% of the natural gas supplied in Romania.

#### ***Electricity distribution and supply in Moldova***

The Group is the largest distributor by number of consumption points and the largest supplier of electricity by number of clients in Moldova. The Group's subsidiary in Moldova, Premier Energy Distribution S.A., is one of the two electricity distributors in Moldova and handles a distribution network that spans 35,742 km across two thirds of the Moldova's territory, including the capital city of Chisinau. As of 31 December 2023, the Group served approximately 950,000 consumption points in 16 Moldovan districts, the Gagauzia autonomous region and the capital city of Chisinau, and supplied electricity to over 840,000 clients in Moldova.

The Group entered the Moldovan energy market in July 2019, when it acquired Premier Energy Distribution S.A. (formerly, Red Union Fenosa S.A.) and Premier Energy S.R.L. (formerly, Gas Natural Fenosa Furnizare Energie S.R.L.) from Naturgy, the Spanish energy group. Subsequently, the Group increased its shareholding in all Moldovan subsidiaries and currently holds a 92.74% shareholding in the entities as of 31 December 2023.

For the year ended 31 December 2023, the Group generated revenues of EUR 419.7 million, net profit of EUR 55.3 million and Normalized EBITDA of 37.1 million from its electricity operations in Moldova.

In 2023, the Group distributed 2,830 GWh (representing approximately 76% of the electricity distributed in Moldova) and supplied 2,871 GWh of electricity (representing approximately 74% of the electricity supplied in Republic of Moldova).

#### ***Unbundling***

In Romania, the Group initiated the process of unbundling its gas distribution business from its other activities in 2023 and informed the Romanian ANRE accordingly, with the aim to finalise such separation before 31 December 2024. To this end, the Group appointed a third-party consultant which recommended several separation models and the Group will proceed with the selection of the most appropriate model and its implementation. For more regulatory information on unbundling, please see Section 20 "General overview".



## Group structure

The Group's structure as of the date of this Prospectus:



The Group is currently present in Romania through 17 companies (together "**Premier Energy Romania**");

### Renewables companies

- **Energia Mileniului III S.R.L. ("Energia Mileniului III")** – a 99 MW wind plant ready-to-be-built project, in development phase, located in Dobrogea area, Tulcea County, on an agricultural land belonging to the administrative territory of Casimcea commune, village Razboieni;
- **Enex Nalbant Renewable S.R.L. ("Enex")** - 27.5 MW wind plant, of which 13.75 MW in operation and 13.75 MW in development, located in Nalbant Commune, Tulcea County;
- **Ecoenergia S.R.L. ("Ecoenergia")** – 34.5 MW operational wind plant located in Stejaru Commune, Tulcea County;
- **Alive Capital S.A. ("Alive Capital")** – provides integrated management activities for renewable producers, supply of electricity from renewable sources and renewable energy production through a 0.5 MW operational solar plant;
- **True Energy Management S.R.L. ("True Energy Management")** – cogeneration power plant with an installed capacity of 13.2 MW for electricity and 12.5 MW for thermal energy;
- **Alive Wind Power One S.R.L. ("AWP1")** - 18 MW operational wind plant and 8 MW in development located in Vaslui County, the acquisition of which was completed on 16 April 2024;
- **Alive Sun Power One S.R.L. ("ASP1")** – 5.4 MW operational solar plant located in Valea Calugareasca Commune, Prahova County;
- **Alive Sun Power Two S.R.L. ("ASP2")** – 1.9 MW operational solar plant located in Urlati Commune, Prahova County;
- **Da Vinci New Project S.R.L. ("Da Vinci")** – 23 MW solar plant with 4.6 MWh storage capacity on which the company received a EUR 5.4 million government grant, in construction phase, located in Nanov Commune, Teleorman County;
- **Brasov Renewables S.R.L. ("Brasov")** – 36.8 MW solar plant in development, of which the Group has 40% shareholding, located in Brasov County;
- **Alive Capital Beograd d.o.o.**, which recorded no operations as of the date of this Prospectus
- **Alive Renewable Holding Limited**, of which the Company has a 51% shareholding;

### Electricity companies

- **CEZ Vanzare** - an electricity and gas supply business providing approximately 3,157 GWh of annual electricity and natural gas to its clients;



#### **Natural gas companies**

- Premier Energy S.R.L., formerly Petrom Distributie Gaze S.R.L. – gas distribution and supply company;
- Ligatne Gas S.R.L. ("**Ligatne Gas**") – design and execution of user installations company;
- B.E.R.G. Instalatii Gaz S.R.L. ("**Berg Instalatii**") – design and execution of user installations company;
- Progaz P&D S.A. ("**Progaz**") – natural gas distribution and supply company; and
- Premier Energy Trading S.R.L. ("**Premier Energy Trading**") – gas supply company,

which are directly owned by the Company or indirectly through Ligatne Limited (Cyprus), a wholly owned direct subsidiary of the Company.

The Group is currently present in Moldova through four companies (together "**Premier Energy Moldova**"):

- I.C.S. Premier Energy S.R.L. – regulated electricity supply company;
- I.C.S. Premier Energy Distribution S.A. ("**Premier Energy Distribution**") – regulated electricity distribution company;
- Navitas Energy S.R.L. ("**Navitas**") – non-regulated electricity company providing integrated asset management activities for renewable producers, including forecasting, balancing, dispatching and supply services and renewable energy production through 4.0 MW operational solar plants as of 31 December 2023 with an additional 3.0 MW solar plant commissioned on 24 January 2024 and another 3.0 MW solar plant commissioned on 29 February 2024, and
- Electra Logistics S.R.L. ("**Electra**") – subsidiary of Navitas, the owner of land leased by Navitas for one of the solar parks,

which are directly and indirectly held by Joseco Holdings Co. Limited (Cyprus) ("**Joseco Holdings**"), in which the Company holds 92.74% as of 31 December 2023.

#### **Group history and development**

The Company was incorporated on 11 December 2012 as a private limited liability company in Cyprus, under the name Chapalaco Limited. On 11 July 2020, the Company changed its name into Premier Energy Cyprus Limited. On 8 March 2021, the Company changed its legal form into a public company limited by shares with the name Premier Energy PLC.

The Company's registered office is at 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3<sup>rd</sup> floor, office 303, 1066 Nicosia, Cyprus.

#### **Romania**

The Group entered the Romanian gas market in 2013 when the Group's current management team started managing Serenity Resources Limited, which owned Gaz Sud S.A., Grup Dezvoltare Retele S.A. and Petrom Distributie Gaze S.R.L. In 2014, the Group acquired Petrom Distributie Gaze S.R.L. (which after the acquisition was renamed as Premier Energy S.R.L.). Currently, the Group's position is as the third largest natural gas distributor in Romania (after Engie and E.On) in terms of natural gas volumes distributed and network size. Grup Dezvoltare Retele S.A. was merged into Gaz Sud S.A. on 31 December 2016 and Gaz Sud S.A. was absorbed in turn by Premier Energy S.R.L. on 31 December 2017.

In December 2017, Premier Energy S.R.L. acquired 97.90% of the shares in Timgaz S.A., a natural gas distribution company which was absorbed by Premier Energy S.R.L. on 30 September 2019. In September 2017, Premier Energy S.R.L. acquired Forte Gaz, a natural gas supply company, which after acquisition was renamed as Premier Energy Trading S.R.L.



In April 2018, Premier Electricity S.R.L. (subsequently renamed Ligatne Gas S.R.L.) was founded and on 31 May 2018, Ligatne Gas acquired 100% of the shareholding in COVI Construct 2000 S.R.L., a natural gas distribution and supply company which was afterwards merged into Premier Energy S.R.L. on 31 December 2018.

On 31 August 2019, Ligatne Gas acquired 100% of the shareholding in Amarand Distributie S.R.L., a natural gas distribution company which was also subsequently merged into Premier Energy S.R.L. on 31 December 2020.

On 3 April 2020, Premier Energy S.R.L. acquired a 99.68% shareholding in B.E.R.G., a natural gas distribution company.

On 18 February 2006 Ligatne Limited Cyprus was founded and on 12 June 2020, was transferred together with its direct and indirect subsidiaries (including Premier Energy S.R.L. and Ligatne Gas) from EMMA Alpha Holding Ltd to the Company, becoming its direct subsidiary.

In May 2021, the Group completed an Asset Transfer covering the distribution and supply portfolio of Vega 93 S.R.L.

In January 2022, the Group completed the acquisition of Ecoenergia, a 34.5 MW wind plant in Stejaru, Romania.

In February 2022, the Group completed the acquisition of Alive Capital, a company that provides integrated asset management services to renewable energy producers in Romania.

In May 2022 and June 2022, Premier Energy S.R.L. signed two share purchase agreements to acquire a stake in Energia Mileniului III S.R.L. which is developing a 99 MW wind plant project near Razboieni, Romania.

In September 2022, Premier Energy S.R.L. acquired Hargaz Harghita Gaz S.A., a natural gas distribution and supply company in Harghita county in Romania.

In October 2022, the Group acquired a stake in True Energy Management S.R.L., a company that owns a cogeneration plant in the city of Fagaras, Romania. The acquisition was performed as part of the Group's strategic growth initiative within the renewables electricity generation sector.

In 2023, the Group acquired several renewable generation assets: a 27.5 MW wind plant on (9 January), of which 50% is operational and 50% is in development, a 1.9 MW operational solar plant (30 June), a 5.4 MW operational solar plant (2 November) and a 23.1 MW solar plant (20 November), which is in the construction phase and to which 4.6 MW of storage capacity is attached. On 10 May 2023, the Group approved setting up the company Brasov Renewable S.R.L. (in which it owns a 40% stake) with the purpose of constructing a 36.8 MW solar plant.

In August 2023, the Group acquired Progaz P&D S.A., a natural gas distribution and supply business.

On 7 December 2023, the Group, through AWP1, entered into a business transfer agreement with Self Concept S.R.L. in exchange for EUR 18.7 million for the acquisition of an existing wind power plant of 18 MW power installed, with the possibility to extend the capacity with another 8 MW. The transaction received foreign direct investment approval in Romania on 29 March 2024 and the competition council approval on 3 April. The transaction was completed on 16 April 2024.

On 21 December 2023, the Group signed a Share Purchase Agreement to acquire 100% of CEZ Vanzare, an electricity and gas supply business with approximately 1.4 million clients, the majority of which are household and small business clients in the southwestern part of Romania. The transaction was completed on 15 April 2024. For more information on the CEZ Vanzare acquisition, see "*Acquisition of CEZ Vanzare*".

#### **Moldova**

In July 2019, the Group entered the Moldovan energy market, through the acquisition of assets from Naturgy, a Spanish energy group. The Company entered into Joseco Holdings, by acquiring an initial participation of 68.57%, which was further increased to 92.79% on 19 February 2020 and diluted to the current 92.74% on 6 March 2020.





On 31 July 2019, Joseco Holdings acquired the entire shareholding in I.C.S. Red Union Fenosa S.A., which after the acquisition, on 6 December 2019, was renamed as I.C.S. "Premier Energy Distribution" S.A., and in I.C.S. Gas Natural Fenosa Furnizare Energie S.R.L., which after the acquisition was renamed as I.C.S. Premier Energy S.R.L..

On 7 December 2020, the Group founded Navitas Energy S.R.L. to focus on non-regulated electrical supply sales, renewable energy, supplying, aggregation of renewable producers and providing balancing group services.

On 11 May 2023, Navitas Energy S.R.L. founded Electra Logistics S.R.L., for the purpose of owning the leased land.

In 2023, the Group has started 24 MW of solar developments in multiple locations with 4 MW already operational as of 31 December 2023.

### **Competitive Strengths**

Management believes that the Group's historical business success, strong leadership, and high potential for future growth builds on the following strengths:

#### ***Vertical integration and subsector diversification capturing value and stability***

Within the electricity sector in Romania, the Group is vertically integrated and present throughout the value chain, namely in renewable electricity generation, management, asset development, forecasting, balancing and dispatching while driving wholesale and supply of the renewable electricity to final customers. The Group also benefits from partial vertical integration within the natural gas segment in Romania, by being present in both the distribution and supply of natural gas. Furthermore, the Group benefits from vertical integration within the Moldovan electricity sector by being present in electricity generation (started in 2023), renewable asset development and management, forecasting, balancing and dispatching of renewable electricity, and by having the largest electricity distribution and supply business in Moldova in terms of volume of electricity supplied to clients and the number of clients. The Group's vertical integration and subsector diversification, compared to generation and utility competitors in the region that depend primarily on fossil fuel-based sources, aims to realise the full value throughout the value chain and provide increased operational and financial stability.

In renewable electricity generation and sourcing, the Group has more than 1,000 MW of diversified, multi-location renewable capacity in operation, under management or in development with continued growth ambitions. The Group is the largest renewables production manager and aggregator of solar and wind plants in Romania (*source: OPCOM*) and in Moldova (*source: Company information*), providing key services such as renewable electricity forecasting, balancing and dispatching, managing approximately 16% of installed solar and wind capacity in Romania and 22% in Moldova, which the Group believes make it well positioned to benefit from the envisaged growth of the renewables sector in both countries.

The Group is the largest electricity distributor in Moldova (c. 76% market share as of 31 December 2023) as well as the largest electricity supplier (c. 74% market share as of 31 December 2023). In addition, the Group is the third largest natural gas distributor in Romania in terms of volumes distributed and network size. These three business are fully regulated, which the Group believes contribute to its financial stability and profitability.

Furthermore, the Group is growing its ability to export and import electricity and natural gas throughout the CSEE region and has multiple sourcing capabilities for natural gas in the SEE region, including one of the first private Romanian companies with a liquid natural gas ("LNG") terminal capacity in Greece, as well as having a cross-border import capacity into and from Bulgaria, Romania and Hungary.

As a result of the acquisition of CEZ Vanzare, which was completed with effect from 15 April 2024, the Group has added approximately 1.4 million clients from CEZ Vanzare and now has a total of approximately 2.4 million clients (primarily households and small businesses) in Romania and Moldova receiving electricity and/or natural gas and is one of the fastest-growing renewable electricity and gas suppliers in the market. In addition to scaling benefits, the large client base also presents the Group the opportunity to cross-sell its products to its clients, such as offering gas supply services to new clients resulting from the CEZ Vanzare acquisition, who previously received only electricity supply services from CEZ Vanzare, as CEZ Vanzare had only around 23,000 gas clients at the time of the acquisition. Additionally, this provides the



Group with a natural hedge to its owned or managed portfolio of renewable production capacities. For more information on the CEZ Vanzare acquisition, see "*Acquisition of CEZ Vanzare*".

The Group believes that its vertical integration and subsector diversification allows for the attainment of the full value throughout the value chain as well as provides increased financial stability.

#### ***Strong infrastructure position***

The Group has a large diversified geographical infrastructure footprint in both Romania and Moldova. As of 31 December 2023, the Group has 116 natural gas concessions, 48% of which are located in the Bucharest Metropolitan Area and 52% are located in the rest of the country. Out of the last 60 natural gas concession tenders, the Group participated in 24 tenders and won 21. The Group selects the tenders in which it participates based on operational effectiveness, so that the concessions are close to the Group's network and the Group is able to service them using existing employees and construction teams. When the Group develops the distribution system of an area where no distribution network previously existed and connects households and small businesses to the gas pipeline, the Group will typically then also supply gas to those households and in the first years will have the benefit of the adoption curve by the new gas clients. Additionally, the Group aims to benefit from the construction of the Transgaz pipeline (BRUA I and II), which is being built close to the Group's distribution areas and provides an opportunity for new concessions for the Group.

The natural gas distribution network in Romania spans over 3,600 km throughout the country serving more than 150,000 consumption points and focusing primarily on areas with potential for growth. The vast majority of the Group's capital expenditure since 2013 was used for new pipelines that include Polyethylene 100 material and, as a result, as of December 2023, approximately 80% of the Group's distribution network was built using Polyethylene 100 material, which makes the Group well positioned to support potential future green hydrogen distribution. In 2023, the Group distributed 2.3 TWh of natural gas. The Group is gaining market share in this business segment and has grown by 11.7% annually between 2019 and 2023, compared to a 2.7% growth of the overall market during the same period.

The Group's electricity distribution business is the largest in Moldova both in terms of the volume of electricity distributed as well as in terms of the number of users. The high voltage lines and substations are identified as strategic for the national security of Moldova. The network spans 35,742 km of electrical lines and underground cables across approximately two thirds of the Moldova's territory with approximately 950,000 consumption points, upgraded to deliver performance indicators in line with European peers. According to the Moldovan ANRE, in 2023 the Group distributed 2,830 GWh of electricity, representing a 76% market share of domestic territory and distribution, including the Chisinau area. The Group's operational efficiency is well showcased by its 46% lower regulated electricity distribution tariff per kWh in comparison to RED Nord, its only distribution services competitor in the country, in 2023, steadily improving from a 21% lower regulated tariff in 2022.

The Group's renewables business consists of 919 MW of renewable capacity in Romania (69 MW owned, 18 MW signed subject to competition clearance, 180 MW in development, and 652 MW under management) with another 112 MW of renewable capacity in Moldova (4 MW owned, 24 MW in development, and 83 MW under management) as of 31 December 2023, all amassed since 2022 when the Company entered this market segment. In Romania, the Group is one of the largest renewable energy players and is managing approximately 16% of the installed solar and wind energy production capacity by independent producers. In Moldova, the Group is the largest renewable energy supplier and the largest manager of renewable energy in the market with a 22% market share.

The Group's renewable energy generation infrastructure was initiated in early 2022 with the acquisition of Ecoenergia, a 34.5 MW wind power generation plant near the town of Stejaru, Romania. The plant was developed and owned by Enercon, one of the largest wind turbine manufacturers in the world and generated over 86,366 MWh of electricity in 2022 and 88,131 MWh of electricity in 2023. The Group also has renewables infrastructure from Vestas and Siemens. In January 2023, the Group acquired Enex, a 13.75 MW operational wind power plant which produced 34,812 MWh of electricity in 2023. Additionally in 2023, the Group completed the acquisition of several solar plants in Romania and is developing solar plants in multiple locations in Romania and Moldova. The operational solar plants acquired in Romania in 2023 produced in total of 8,424 MWh of electricity annually (2,030 MWh starting from the date of the Group's ownership of each respective plant), while in Moldova the Group commissioned the construction a 3.0 MW solar plant on 24 January 2024, and commissioned another 3.0 MW solar plant on 29 February 2024.





***Strong client portfolio with substantial upside and potential for subsector cross-selling***

In Romania, the Group has been one of the fastest growing natural gas suppliers over the last five years in terms of volume of natural gas supplied, following the market liberalisation in 2016 (*Source: Romanian ANRE*). In 2023, the Group distributed 2.3 TWh of natural gas and had over 150,000 consumption points as of 31 December 2023. The Group's market share of the retail supply of natural gas has increased from 2.7% as of December 2017 to 4.55% as of October 2023. The Group has been increasing its natural gas sales to both residential and business and industrial enterprise clients by focusing on providing superior client service and by having the ability to proactively manage market price updates as well as expanding its sales force with nationwide coverage and offering personalised commercial agreements throughout the whole portfolio of non-household clients. Additionally, the Group aims to capitalise on the CEZ Vanzare acquisition, by potentially cross selling its gas supply services to the 1.4 million newly acquired clients, the majority of which were supplied only electricity by CEZ Vanzare, as only approximately 23,000 were supplied gas at the time of the signing of the acquisition.

During the energy crisis in 2022, the Group reduced exposure to large industrial clients, where the market price sustainability raised many concerns at that time. Instead, the Group's client portfolio is mainly composed of consumers using its gas for heating. In order to reach potential new clients, the Group has one of the largest sales team of 14 full-time employees, focusing on the underserved market of small to medium enterprises.

Additionally, Alive Capital, which provides integrated asset management services to renewable energy producers in Romania, has supplied 0.52 TWh of electricity to end-clients between January and December 2023, representing a 1.31% market share, according to the latest publicly available report from December 2023, issued by Romanian ANRE (*Source: ANRE website*). Based on the most recent available data for 2022, approximately 95% of the electricity delivered by Alive Capital in 2022 was green energy and 688 GWh has been delivered with certificates of origin.

The Group's electricity supply business is the largest in Moldova both in terms of volume of electricity supplied to clients and the number of clients. According to the Moldovan ANRE, in 2023 the Group supplied 2,871 GWh of electricity (representing approximately 74% of the electricity supplied in Republic of Moldova) to 843,211 users. With the expected market liberalisation, the Group believes that its operational efficiency and scale combined with the Group's strong client service and extensive investment in its IT and billing systems give the Group a competitive advantage over the other suppliers, especially the second largest supplier, Furnizare Energie Nord, as well as any new potential market entrants. Furthermore, as a result of expected electricity supply market liberalisation, the Group expects the current fully regulated 1% profit margin to increase to the levels of other liberalised markets. The Group's operational efficiency is well showcased by its 17% lower regulated electricity supply price per kWh in comparison to Furnizare Energie Nord in 2023, steadily improving from a 10.9% lower regulated price in 2022.

Additionally, the Group expects an upside resulting from the expected liberalisation of the gas market in Moldova, including retailing of gas to households. Furthermore, the Group's penetration rate in existing gas distribution concessions is lower compared to peers, the Group having a 37% rate of connections from concession area total connections, compared to DelGaz Grid's 57% penetration rate and DGRS' 55% penetration rate. The group believes that this lower penetration rate represents an untapped organic growth potential for the Group.

***Established renewables presence key to benefiting from further development focus on renewables***

The Group has a successful track record of renewables acquisitions including a tangible pipeline of continued investment opportunities. The Group has a growing diversified renewables portfolio resulting in increased balancing efficiency and profitability and is well-positioned to benefit from renewables growth and the start of the longer-term PPA market in Romania and Moldova. The Group has a vertically integrated renewable energy model with full balancing capabilities and dispatch, making it a sustainable energy leader in both Romania and Moldova with continued growth across SEE. The Group is the largest aggregator of independent renewable players in Romania and Moldova, managing approximately 16% of currently installed solar and wind capacity in Romania and 22% in Moldova and more than 900 GWh of renewable energy delivered in Romania in 2023 representing a 60% YoY growth. In Moldova, the Group is the largest renewable energy supplier. Additionally, the Group is one of the largest renewables PPA (such as short-term PPAs up to 2 years) providers in the Romanian market showing superior operational excellence and client service.



Currently, wind and solar energy only account for approximately 16% of total consumption and 25% of total installed electricity generation capacity in Romania (*Source: International Energy Agency, Romania 2021 – 2030 Integrated National Energy & Climate Plan*). Romania is planning and heavily investing in a further shift towards renewable energy with more than 45% of total energy production coming from sustainable sources by aiming to phase out coal power production by 2032 and reach a total renewables installed capacity of approximately 31% in total by 2030. Thus, the installed capacity is expected to increase by 6.8 GW of solar energy and 4.6 GW of wind energy by 2030. In addition to supplying new demand, renewables serve a fundamental role of replacing aging fossil fuel plants and approximately 3.8 GW of coal-based plants that are expected to be decommissioned by 2025 and 4.9 GW by 2032.

In Moldova, renewables currently only account for approximately 4% of installed electricity generation capacity, with new renewable energy generation expected to be deployed in the short-term as a result of feed-in-tariffs and auctions established by law in force since 2018. An increased renewable deployment can contribute to Moldova's strategic objectives to reduce reliance on power / energy imports. Furthermore, the law of Promotion of Use of Energy from Renewable Sources no. 10 of 26 February 2016 has established an attractive support mechanism. The amendments to this law, which came into force in 2023, contribute to the further promotion of this concept, in particular by introducing the mechanism of Corporate PPA, contracts for the sale and purchase of electricity from renewable sources in the long-term. Among the advantages of this mechanism are the certainty of the term of the contracts (up to 15 years), as well as references to pricing mechanisms. Additionally, the development of the renewable energy sector in Moldova is addressed across several policy documents, particularly the draft National Energy and Climate Plan ("NECP") of Moldova from December 2023. The draft NECP confirms the target of a 27% share of renewables in final energy consumption in Moldova by 2030. In addition, increased interconnection with Romania is expected with, the first connection expected to come online in 2025 and the second in 2027, which the Group believes would lead to an increase in electricity prices in Moldova to be aligned with the prices on the Romanian market.

Furthermore, Romania is currently in the process of accessing to the Association of Issuing Bodies ("AIB"). The AIB provides energy producers guarantees of origin ("GOs"), which are the only available mechanism for clients to select renewable sources of energy production. GOs have been designed at the EU level to support the financial viability of renewable energy projects and stimulate investments in the renewable energy sources sector. Furthermore, receiving GOs would allow the Group to trade these certificates cross-border and provide a potential upside for the Groups business.

With its established existing presence in renewable energy in Romania and Moldova, the Group believes it is well-positioned to benefit from the planned renewables development focus and the start of the longer-term PPA market in Romania and Moldova.

#### ***Commodity sourcing expertise resulting in a resilient business despite volatility in power markets***

The Group has an experienced management team that is proactively reacting to the overall market situation and has been innovative in sourcing the underlying energy, which has resulted in strong operational flexibility and results during the volatile environment. The Group has been gaining profitable market share during the volatile environment over the past few years while many natural gas suppliers returned or liquidated their licenses in Romania and all non-distribution suppliers of electricity left the Moldovan market during 2021, creating a more favourable market environment for the Group with less competition.

The Group was the pioneer in moving to flexible contract terms with clients (as opposed to fixed 12-month contracts), which allowed the Group more flexibility to align the pricing of customer contracts to commodity prices in the market. At the same time, the Group is matching the overall duration of natural gas purchases with the contracted supply with clients. Additionally, the Group has a diversified and integrated presence across sectors, including generation, distribution, supply and, after the Alive Capital acquisition, asset management and aggregation services. This diversified and integrated presence allows for increased operating flexibility and resilience to market volatility.

#### ***Track record of accretive acquisitions with strong management expertise***

The Group benefits from the substantial M&A experience and capabilities of its senior executives while at the same time demonstrating a commitment to best-in-class governance and ESG principles. The Group is well known in the market, which presents a successful platform for M&A growth. The Group's embeddedness in the market also provides it with an overview of opportunities for potential future





acquisitions. As the Group is privately owned, it is able to offer a flexible approach to transactions that is tailored to the counterpart. The Group also has in-house M&A capabilities, including due diligence. Additionally, the Group is able to find proprietary sourced transactions and has sufficient capital availability to act decisively, while the Group's lean management structure allow it to make decisions quickly.

The Group's growth has been supported by numerous strategic, value-enhancing add-on acquisitions. The recipe behind each of these acquisitions was based on (1) identifying a strategic, underperforming or distressed asset, (2) acquiring each of them on attractive financial terms, (3) investing in a rapid restructuring or reforming of operations to achieve operational excellence and the monetising of synergies, (4) exploring organic growth opportunities within targets and (5) always focusing on creating shareholder value, no matter the size of the asset or investment. A large part of the success of these acquisitions has also been the great integration of the bolt-on acquisitions into the Group, which resulted in synergies and increased value for the Group.

To date, the Group has made over 25 add-on acquisitions since 2013 in both Romania and Moldova. In February 2022, the Group completed the acquisition of Alive Capital, a company that provides integrated asset management services to renewable energy producers in Romania (managing 450 MW of renewable production in 2022 and growing to 920 MW in 2023) while also having an electricity and supply division. The Group believes that this acquisition will allow the Group to have unique insights into the broader renewables sector in Romania while being able to usually have a first option to acquire the renewable assets if the current owners are planning an exit. For more information on historical acquisitions, see Section "Group history and development".

#### ***Attractive financial profile to support growth and dividends***

The Group has achieved robust top-line and profitability growth as a result of infrastructure expansion, improved client penetration and operational and cost effectiveness amplified with strategic add-on acquisitions, which did not require any shareholder equity contributions. The revenue of the Group has grown from EUR 13 million in 2012, the last year of Gaz Sud's and GDR's operations prior to EMMA Capital's acquisition, to EUR 912.0 million in 2023. Adjusted EBITDA of the Group has grown from EUR 0 million in 2012 to EUR 127.7 million in 2023.

The Group's revenue and profitability levels are also relatively predictable due to the regulated nature of various segments of the business and operational efficiency enhanced by strong client service levels. Furthermore, the Group's operations generated net cash from operating activities of EUR 25.9 million in 2021, EUR 104.6 million in 2022 and EUR 118.2 million in 2023.

The combination of the Group's top-line growth and strong free cash flow generation provide support for future growth and dividend payments as well as leverage headroom. Management sees potential for future growth fuelled by a combination of strategic and add-on acquisitions in the renewables business as well as in the gas and electricity businesses, such as opportunistic acquisitions throughout the value chain, in line with the Group's strategy of vertical integration. Additionally, the Group is expecting growth from new concessions, new consumption points and networks growth. Furthermore, the Group expects organic growth and believes there is an upside potential, especially resulting from the liberalisation of the market in Moldova.

#### ***Strong environmental and sustainability profile***

Being a critical energy infrastructure group focusing on the European Green Deal Initiatives set by the European Commission and the UN Sustainable Development Goals with clear ESG guidelines and policies in place serves as the foundation for the Group's overall strategy. Management believes that, as a leading critical energy infrastructure in Romania and Moldova, it has a duty to preserve and enhance the environment in which the Group conducts its business operations. As a result, management has implemented several environmentally friendly policies, guidelines and procedures for the Group's operations in order to minimise its impact on the environment when implementing the Group's business strategy.

For example, the vast majority of the Group's capital expenditure since 2013 was used for pipelines that include Polyethylene 100 material which makes the Group well positioned to support potential future green hydrogen distribution. As a result, the Group is the most green hydrogen-ready energy company in Romania and the Group believes that this technology will be an important environmentally friendly energy source.





Additionally, the implementation of smart grid networks and the elimination of energy losses by using various measurements (including the utilisation of a new software and improved access to leakage identification), improved and is expected to continue to improve the Group's energy efficiency and the reduction in CO<sub>2</sub> emissions in both Romania and Moldova. In Romania, the pipeline developments and consequent use by households of natural gas as opposed to wood and coal burning also results in less CO<sub>2</sub> emissions. Electricity losses and technological consumption in Moldova has decreased from 32.3% in 2000 to just 7.3% in 2023, which is in line with the Group's European peers having a 2022 SEE median of approximately 7.3% comprising Bulgaria, Croatia, Greece and Romania. The decrease in energy losses represents a significant track record of sustainable energy development and reduction of the Group's carbon footprint in line with Europe's "net zero by 2050" plan.

Moreover, the Group's continuous support and cooperation with several organisations has led to multiple initiatives to support the environment as well as individuals in both countries. For example, through Premier Energy Foundation, the Group organises several sustainability related events such a tree planting, organising annual Europe Day, supporting Earth Hour, and encouraging its employees to observe strict waste management rules at the Group's premises. For more details, please also see "Business - ESG and CSR guidelines and policies" below.

#### ***Attractive macroeconomic fundamentals coupled with favourable energy demand and consumption***

The Group currently operates in Romania and Moldova, two markets supported by healthy historical and forecasted GDP growth in stable currency environments and growing energy needs. Between 2016 and 2025, the average yearly GDP growth is estimated to be 3.8% in Romania and 2.8% in Moldova (*Source: International Monetary Fund (IMF), the World Bank*). Both economies are expected to grow faster than the EU27 average between 2023 and 2025, according to the International Monetary Fund (IMF) and the World Bank. The currencies of both countries have been relatively stable against both the Euro and the US Dollar over the past 5 years. At the same time, Romania has been experiencing a material increase of EU funds allocation, with approximately EUR 80 billion allocated between 2021 and 2027.

The Moldovan government has been aligning the country towards the EU through the recent opening of accession negotiations in December 2023. That means that the Moldovan government will focus on the adoption and implementation of the EU laws and the conditions under which the country will be admitted to the EU. Various projects and initiatives exist that aim to bring Moldova closer to the EU energy integration combined with a strong initiative for energy independence that would be principally achieved through building renewable energy sources under the auspices of EU projects. For example, there are two high-voltage network connections under construction between Romania and Moldova, which could potentially be completed between 2025 and 2026. The integration of utility networks between Romania and Moldova, which is targeted between 2028 and 2029, could potentially integrate the two markets into a single power market, which would allow the Group to capitalise on its presence in both markets.

Electricity and gas consumption per capita in both Romania and Moldova is still relatively low in comparison to other Central and Western European markets. However, both countries are expected to exhibit growth that will align them closer to their regional European peers (*Source: International Monetary Fund (IMF), the World Bank*). The average electricity consumption in Romania was 2,430 kWh / capita in 2022 while in Moldova it was 1,558 kWh / capita. Both levels in 2022 were substantially below the EU-27 average of 5,577 kWh / capita (e.g. other European countries such as Poland at 4,112 kWh / capita, the Czech Republic at 5,699 kWh / capita, Germany at 5,879 kWh / capita, France at 6,287 kWh / capita and Austria at 7,582 kWh / capita). Continued convergence toward Central and Western European markets with regard to GDP and energy consumption per capita is expected for both countries.

#### ***Experienced management team and supportive core shareholder***

The Group is managed by an experienced management team with substantial experience in the industry and in the SEE region. Furthermore, EMMA Capital, the 100% shareholder of the Company, has one of the most experienced investment teams in CEE and SEE regions, with book equity of approximately EUR 1 billion as of 31 December 2022 and having strong growth and value creation history and a well-established investor operator model.

#### **Strategy**





The Group's strategy is primarily focused on creating a sustainable future by continuing to grow with renewable acquisitions, ensuring the resilience of its energy system, capturing new growth opportunities and building on its competitive strengths and strong leadership in order to increase shareholder value through:

#### ***Ambitious renewables plans***

The Group is seeking to emerge as one of the regional leaders in the transition to green energy with a clear strategy to grow its renewable portfolio in line with sustainable growth and decarbonisation efforts. The Group's renewables plan is fundamental to the strategy of expanding its green energy capacity to contribute to decarbonisation, energy transition and helping to meet regional energy commitments. The Group will continue its strong focus on acquiring feasible renewable energy assets in Romania and Moldova, while assessing opportunities to expand its renewables portfolio geographically as it capitalises on the growth opportunities presented by the transition to renewable energy and decarbonisation commitments in other target markets, including primarily the SEE.

The Group's target is to reach between 1,400 MW and 1,600 MW of installed owned or managed green energy capacity by the end of 2026. The Group is expecting a continued investment into renewable energy assets and developments as Romania is expected to deploy approximately 11 GW of additional wind and solar capacity to reach a total of approximately 16 GW by 2030 according to the 2023 NECP Draft, which also envisions a stimulating regulatory framework for private investments in renewable energy generation. By 2030, Romania aims to reach a total wind capacity of 8 GW and a total solar capacity of 8 GW, in order to achieve a total installed capacity of 30.4 GW, out of which approximately 23 GW would come from renewable sources (including hydro energy). The additional renewables capacity aims to offset the phase-out of coal energy expected by 2032 (source: 2023 NECP Draft). Moldova has untapped renewables potential, due to favourable weather conditions and low population density. The installed renewables capacity grew from 95.7 MW in 2021 to 136 MW in 2023. The draft National Energy and Climate Plan confirms the target of a 27% share of renewables in final energy consumption by 2030. Projected renewable capacity in Moldova in 2050 comprises more than 3 GW of wind, 550 MW in solar and 75 MW of biogas energy.

Further, the Group has recently acquired and is developing several renewable (solar and wind) projects in both Romania and in Moldova, and aims to capitalise on its vertically integrated business given its recent acquisitions of CEZ Vanzare in Romania and its strong presence in electricity distribution and supply in Moldova. Furthermore, in light of its leading position on the Moldovan electricity distribution and supply market, the Group's vision is to become a leader in the development of major renewable projects in Moldova.

#### ***Seeking new and diversified growth opportunities***

The Group aims to continue acquiring and developing renewable assets or other regulated businesses on an opportunistic basis in line with its current business sectors or complementary to such current business sectors. For example, the Group is currently developing a balancing power plant in Moldova, which would enable the deployment of renewable sources in the market. In addition, the Group is considering business opportunities related to electricity and gas supply, production and distribution in the SEE region to support organic growth.

As of 31 December 2023, the Group had a 180 MW portfolio of wind and solar developments in Romania and 24 MW worth of solar developments in Moldova. The aggregate 204 MW developments are expected to have a production capacity of 401 GWh in Romania and 32 GWh in Moldova. Additionally, the Group has identified acquisitions opportunities, particularly in the renewables sector in order to achieve the Group's target of 1,400 MW to 1,600 MW of installed owned or managed renewables capacity by 2026. The Group has identified tangible renewables acquisitions opportunities with a combined size of approximately 270 MW, which are in discussion or already having an offer submitted as of the date of the Prospectus.

The Group also believes that there is a potential upside in consolidating the remaining 23 distributors in Romania having an approximately 5% market share in aggregate. The Group believes it is well placed for future growth as it is the most acquisitive players in this market, having completed 11 acquisitions in the last 10 years.



Given the Group's low level of indebtedness and stable capital structure, management believes that the Group is well positioned to pursue acquisition opportunities on a competitive basis in the future. The Group's track record of acquiring and building out previously acquired companies may serve as an indication of the Group's ability to successfully identify, execute and integrate such acquisitions. See Section "Group history and development".

Additionally, the Group is targeting organic growth in Romania and sees a growth potential in the adoption rate of gas by households as the Group is operating a young network in underpenetrated geographies. Furthermore, there are 24 concession under development while supply is growing in line with the distribution growth. The Group also aims to grab a higher market share from incumbent competitors in Romania. The Group is also expecting growth from new concessions in Romania, such as the current concessions in proximity of the new TSO BRUA pipeline, a natural gas pipeline from Podisor (Giurgiu County) to Recas (Timis County) which is part of the future Bulgaria, Romania, Hungary and Austria gas interconnector. As the government in Romania is focusing on expanding the gas network to rural areas, the Group believe that it is well positioned to benefit given its proven ability of winning new concession tenders.

#### ***Moldovan EU candidacy and energy market integration with deregulation***

Due to Moldova's EU candidacy and planned accession, the Group is expecting an increase in electricity demand driven by the expected higher foreign direct investment into Moldova. Additionally, the Group is targeting higher regulated absolute margin as Moldova is expected to join the EU energy market as well as adding production capabilities, which is expected to be flexible in addressing the missing balancing market. The Group also considers Moldova as a potential energy hub addressing the energy import/export opportunities to and from Romania and Ukraine.

In Moldova, the Group is targeting an upside from deregulation with the expected full liberalisation of the market on the supply side, which is expected to lead to increased supply side margins. Additionally, the Group is expecting a liberalisation of the gas market, such as for retailing of gas to households. With the renewables growth in Moldova, more investments are expected to be needed into the network to support the decentralised production, which is expected to provide a new role of the distribution as an active player in the energy transition, such as for distributed energy resources (including renewable energy and batteries), demand side management, and EV charging network.

#### ***Supporting the resilience and flexibility of the energy system***

With a view of keeping its energy assets as modern and efficient as the technology allows it, the Group intends to continue investing in both Romania and Moldova to ensure network resilience and energy efficiency for the Group's business and the clients, with a focus on network maintenance, new consumption points and upgrades, and network digitalisation and automation.

In order to improve quality indicators, optimise maintenance costs and protect the environment, the Group has implemented several technical measures for the construction and maintenance of existing assets. For more information, see below "Innovation, research and development" Section. Moreover, to ensure the adequate control of the level of energy losses, the Group takes actions (Loss Reduction Plan) on a yearly basis, particularly through new efficient investments to achieve the planned number of energy losses.

#### ***Sustainable future***

The Group is committing to align all its operations with the goals of Paris Agreement and is developing a Decarbonisation Plan with the goal to reach Net Zero GHG emissions by 2045, in line with Business Ambition for 1.5°C initiative. The Group's main levers for decarbonization are: (i) Losses reduction: the Group is working on improving grid maintenance to extend the lifetime of components and identifying cost-effective options to upgrade the grid and implement smart grid technologies; (ii) Hydrogen readiness: 80% of the distribution network was built using Polyethylene 100 material, allowing for green hydrogen distribution; and (iii) Renewable energy expansion: the Group aims to increase installed capacity from 1 GW in 2023 to 1.4-1.6 GW in 2026.

The Group is strongly focused on a sustainable future by expanding its portfolio mainly through the acquisitions and development of green generation assets. Given the Group's strong commitment to





sustainability and environment as a whole, the ESG factors are fully implemented in the core of the business goals, in alignment with the United Nations Sustainable Development Goals and the EU's Green Deal.

One of the Group's core goals is to provide safe, affordable, and the maximum amount of clean energy to communities across Romania and Moldova. In achieving this purpose, the Group is committed to grow its business with investments into green energy assets by acquisition and/or development of green projects. The Group is continuously focused on improving the energy efficiency of the Group's facilities and offering its client services and products that support efficiency and sustainability. For example, the vast majority of the Group's capital expenditure since 2013 was used for pipelines that include Polyethylene 100 material which makes the Group well positioned to support potential future green hydrogen distribution. As a result, the Group is the most green hydrogen-ready energy company in Romania and the Group believes that this technology will be an important environmentally friendly energy source.

Another goal of the Group is to create a safe and healthy working environment where all employees are treated with dignity and respect to individual differences and to provide equal opportunities for all employees in career development, education, training, and benefits. Being among the core of the business goals, sustainable business has always been one of the main principles of the Group's operations, having practices in place which cover, *inter alia*, climate change, carbon operational neutrality, responsible energy distribution and supply, sustainable finance tools and other factors. The Group continuously monitors and analyses the means by which it can contribute to climate action within its business and implements the resulting measures purposed to make a constructive contribution to the well-being of society beyond the Group.

## **Sectors and operations**

### ***Renewables***

The Group started its renewable electricity business in 2022 with the acquisition of Ecoenergia 34.5 MW wind and has since expanded its operations through numerous acquisitions and developments to become the largest aggregator of renewable energy in Romania and Moldova, having achieved its initial target to reach 1 GW of renewable energy supply by 2024. In 2023, the Group generated revenues from its renewables business of EUR 186.2 million, Adjusted EBITDA of EUR 41.1 million and profit after tax of EUR 26.4 million.

### ***Renewable energy generation***

In Romania, the Group is one of the largest renewable energy suppliers and has a renewable energy generation capacity of more than 900 MW either owned, managed or in-development, including continued expansion plans. In Moldova, the Group is the largest renewable energy supplier in the market with a renewable energy generation capacity of more than 50 MW under ownership or management with an additional 24 MW in-development. The amount of renewable energy production capacity in Moldova is limited despite favourable weather conditions and low population density. However, renewable energy is regarded as a way to decrease substantial reliance on Russian gas for electricity generation and heating. In Moldova, projected renewable capacity in 2050 comprises more than 3 GW of wind, 550 MW of solar photovoltaics and 75 MW of biogas capacity.

In Romania, the Group operated and managed 288 MW wind plants, 216 MW solar plants and 10 MW of hydro and biomass and managed 211 MW renewables as of 31 December 2023. In Moldova, the Group operated and managed 51 MW solar power plants, of which 4 MW owned, and managed 36 MW of renewables. Additionally, the Group was building an additional capacity of 24 MW as of 31 December 2023.

### ***Renewable energy aggregation, balancing and additional services***

The Group is the largest aggregator of renewable energy in Romania and Moldova. The Group internally makes estimations of the energy demand on a continuous basis. It then estimates its own energy production capacity for the same period and additionally aggregates energy supply from various other energy producers. The Group's team of engineers calculates the optimal amounts of aggregated energy in a process called balancing, while benefiting from the scale and geographic diversification of managed renewable production sources. The Group purchases the required energy from other energy producers and supplies the



aggregated energy to its final customers. In Romania, the Group is managing approximately 16% of the installed solar and wind energy production capacity.

Through its subsidiary, Alive Capital, the Group also offers additional services in Romania, such as (i) asset management, (ii) energy supply, (iii) energy forecasting, (iv) dispatch and monitoring, (v) project management, and (vi) operations and maintenance.

Asset management services includes providing technical, financial, administrative, and operational services. The Group offers fulfilling all obligations toward public entities and assistance in produced energy selling, green certificates and PPA related process assistance, financial and legal assistance, in addition to market analysis and reporting, and plant monitoring, including periodic performance review.

Energy supply includes providing electricity supply solutions, and assistance in completion of electricity transactions. The Group offers solutions customized to the specific needs and requirements i.e. PPAs, market research and consulting, access to 24/7 operations without the complexity to set up an in-house team, real time management of imbalances and other supply risks based upon dynamic market information, and safety against price fluctuations on energy market, safe management of costs and income.

Energy forecast includes delivering short-term and long-term electricity production estimation and reporting. The Group provides high-accuracy prognosis service, based on analysing meteorological data from multiples sources, daily reports on expected electricity production, monthly reports on the projected vs. actual productivity, maximising income on Day Ahead/Intra-Day Markets, notifying the forecast of energy supply to match production, and reduction of the balancing expenses, maximising plants productivity, improving scheduling and integration.

Dispatch and monitoring includes monitoring of power plants' operating parameters and irregular performance. The Group provides SCADA monitoring of electricity production, voltage, frequency, active and reactive power level, collaboration with hierarchically superior dispatches (NED, TED, etc.), flexibility in integrating the power plants with different available protocols for data collection and transmission, and SCADA system developed with state-of-the-art platforms and technologies in the field.

Project management includes delivering services permitting, EPC assistance, works supervision, and commissioning. The Group provides drawing up the documentation for obtaining the authorisation permits and licences, coordination of relations with internal and external consultants, i.e., local, county and national public authorities, assistance for concluding the electricity supply contract and subsequently the PPAs and GCPAs, and consultancy and assistance in regulatory compliance.

Operations and maintenance includes offering a full range of O&M services to owners of renewables power plants. The Group provides optimal power plant operations and efficient technical support and maintenance, focused on preventing and handling quick interventions, to avoid low performance periods and failures which might cause significant losses.

In 2023, the Group sold through its subsidiary Alive Capital more than 920 GWh of electricity from renewable sources representing an increase by 50% as compared to 2022. Renewables represented 81% of the total energy sold by the Group in 2023, compared to 82% in 2022. Through its subsidiary, Navitas, the Group is balancing 34 renewable energy plants in Moldova with a combined 47 MW capacity, of which 12.3 MW is solar energy and 34.7 MW is wind energy. The Group also provides forecasting for 81 generation facilities with a combined 87.2 MW capacity, of which 52.5 MW is solar energy and 34.7 MW is wind energy.

#### ***Romania - Natural Gas***

According to the data for November 2023 Romanian ANRE, the Group was the third largest gas distributor in terms of network size and was the third largest natural gas supplier in the household market with a 4% market share and the fifth largest gas supplier in the non-household market with a 5% market share in Romania in terms of volumes supplied. In 2023, the Group generated revenues from its gas sector of EUR 306.1 million, Adjusted EBITDA of EUR 15.0 million and net profit of EUR 6.2 million. The Group distributes and supplies natural gas to both household and non-household clients. The Group distributes gas purchased for its own end-user clients as well as gas purchased and sold by third-party gas suppliers to their own clients.



The Group has registered memberships with:

- ACUE – Federation of Associations of Energy Utilities Companies (Distribution and Production)
- CRE – The Romanian Energy Centre
- AFFER – The Association of Energy Suppliers in Romania

#### *Gas distribution*

The Group, through Premier Energy S.R.L. and Progaz P&D, operated 116 distribution concessions out of the total of an estimated 950 concessions granted for the entire territory of Romania as of 31 December 2023. Distribution concessions are located around Bucharest and the Southern and Western parts of Romania (in 23 out of the 41 counties) and are granted on an exclusive basis for a particular town (i.e. the concession is granted at the level of the territorial administrative unit).



Concessions are granted for 49 years with most of them ending between 2050 and 2070. There are approximately 950 concessions across Romania. Network replacements and growth investments under economic efficiency conditions are incorporated in the RAB while concession royalties and other maintenance costs are included in the distribution tariff. At the end of the contract term, RAB is returned to the concession grantor.

The number of the Group's concessions has grown from 90 (out of which 71 were concessions BOP, 2 from acquisitions and 17 greenfield concessions) in 2021 and 111 (90 concessions BOP, 19 acquisitions and 2 greenfield concessions) in 2022 to 116 (111 concessions BOP, 3 acquisitions and 2 greenfield concessions) in 2023, which reduces the risk of concentration and provides high customer retention. Out of the total number of 116 concessions as of 31 December 2023, 24 are under development out of which 12 are expected to come online in 2024. 57 of the distribution concessions agreements were originally concluded in the form of joint-venture agreements with the local authorities, which, although not clearly regulated at the date of their conclusion, have in the meantime been assimilated to concessions agreements from the perspective of the rights granted under the Energy Law. Under the distribution concessions, the Group must, where applicable, operate and perform maintenance works on the existing distribution system and may be required to extend the distribution network, under economic efficiency conditions, whilst any such investments, together with the royalty due to the relevant contracting authority, are recovered by way of their incorporation into the regulated distribution tariffs according to conditions regulated and observed by the Romanian ANRE. There have been 60 concession tenders organised in the last five years, the Group participated in 24 of them and won 21.

The majority of the Group's concessions were granted for a 49-year period and expire between 2050 and 2070, with extension options thereafter for an additional period of up to half of the initial period. As of 31 December 2023, the average remaining durations of concessions was 32 years with the possibility to extend with the grantor's agreement or the obligation for the municipality to buy back at RAB value. Other than



upon reaching maturity, the concession agreements may be terminated if the distribution or ancillary licenses of the Group are withdrawn by the Romanian ANRE or in the event of force majeure or unforeseeable circumstances which result in the Group being unable to execute the agreement. The Group's concessions may also be unilaterally terminated by the contracting authority in certain circumstances, such as, for example, if a prevailing national or local interest requires the relevant authority to act as such, if the Group does not perform the development and exploitation works to the extent undertaken under the concessions agreement, in case of breach of environmental obligations or in case of other material breaches of the Group's obligations thereunder. In case of termination of a concession agreement, the Group would be compensated for any outstanding amounts pertaining to undepreciated investments, while the goods pertaining to the public distribution service owned by the Group may be transferred to the contracting authority or to another third-party concessionaire, as regulated by the Romanian ANRE.

As at 31 December 2023, the Group operated a distribution network spanning over 3,600 km, which is operated by Premier Energy S.R.L. and Progaz P&D. The Group is in the process of expanding the network and aims to increase the network length by approximately 400 km by the end of 2026, out of which approximately 130 km is expected to be completed by the end of 2024. The Group is also focused on the quality of its pipelines which is why a vast majority of capital expenditure since EMMA Capital's ownership has been for pipelines including Polyethylene 100 material which makes approximately 80% of the pipeline compatible with a potential hydrogen distribution in the future. Additionally, the modernisation of the gas pipe networks has resulted in the number of defects and gas leakages being significantly reduced. In Romania, the RAB amounted to EUR 75 million at the end of 2023. The Group sources more than 80% of gas from local Romanian production and the remainder from commodities exchange.

The following table sets out information relating to the development of the Group's distribution network and volume of gas distributed as of 31 December of the respective periods shown:

|                                                                  | 2023    | 2022    | 2021    |
|------------------------------------------------------------------|---------|---------|---------|
| Network length (km).....                                         | 3,663   | 3,329   | 2,858   |
| Acquisitions (km).....                                           | 153     | 321     | 113     |
| Organic growth (km).....                                         | 181     | 150     | 71      |
| Consumption points (#).....                                      | 153,060 | 137,557 | 119,498 |
| Acquisitions (# thousand).....                                   | 7.6     | 8.8     | 1.9     |
| Organic growth (# thousand).....                                 | 7.9     | 9.3     | 4.4     |
| Concessions (#).....                                             | 116     | 111     | 90      |
| SAIFI (System Average Interruption Frequency Index) (days).....  | 0.27    | n/a     | n/a     |
| SAIDI (System Average Interruption Duration Index) (days).....   | 5.27    | n/a     | n/a     |
| Regulated Asset Base (RAB) (EUR m).....                          | 75.0    | 58.6    | 41.0    |
| Market share – Gas Distribution – ANRE November Reports (%)..... | -2.4    | 2.43    | 2.05    |

The distribution business underwent an extensive review by the Group's certified employees during 2020 and 2021, whereby all its key processes were scrutinised and optimised including in the areas of preventive and corrective maintenance, investment planning and management, network access and claim management. New network management tools have been introduced or extended such as computerised network cartography and remote meter reading and control. The two main objectives of the distribution business have been and are expected to remain (i) ensuring the security of the gas distribution network and (ii) optimising gas distribution activities.

In 2023, the Group distributed 2,319,693 MWh of gas (compared to 2,484,347 MWh of gas in 2022 and 2,494,684 MWh of gas in 2021).

#### Gas supply

The Group supplies gas to both household and non-household free-market clients. Non-household clients include small and medium size companies ("SMEs") and a few large industrial companies, including district heating companies. In 2023, household clients represented 23.7% of the Group's customer portfolio, while non-household clients represented 76.3%, which can be further divided by the amount of annual consumption to: (i) B2B small (lower than 2,800 MWh) representing 19.1%; (ii) B2B medium (2,801 – 280,000 MWh) representing 27.3%; and (iii) B2B large (more than 280,001 MWh) representing 29.9 % of the Group's customers.

No client accounted for more than 6% of total gas sales by volume in 2021, 2022 or 2023. As of 31 December 2023, approximately 72% of distribution clients have also chosen the Group as the supplier. For legacy concessions, the share of distribution clients choosing the Group as the supplier was even higher,





reaching 85%. However, as part of its "business-to-business" sales activity to key account and middle-market clients, the Group also sells gas to clients which are connected to other distribution networks or directly connected to the national transport system.

Since the start of market liberalisation in Romania, the Group has been able to continuously offer a competitive price for gas which was steadily below the average price of the Group's top 5 competitors, even during the peak gas prices in 2022.

Revenues from the gas supply business are derived from the following elements which make up the final price for gas: (i) the commodity purchase cost, supply margin and (ii) the distribution transmission and storage fees that are fully transmitted to the final customers.

In 2023, the Group sold 6,063,309 MWh of gas (compared to 6,464,079 MWh of gas in 2022 and 7,143,928 MWh of gas in 2021).



(Source: ANRE report for November 2014, 2017, 2020 – 2023)

The major source of gas supply in Romania, in contrast with other Eastern European countries, is local production. In 2022, Romanian gas production covered approximately 90% of the inland gas consumption in Romania. Domestic gas production in Romania is expected to be boosted by the Neptune Deep project, which could make Romania a net gas exporter. In 2022, Romania was the second largest natural gas producer in the European Union and is well-positioned to emerge as the next leading gas supplier in South-Eastern Europe, as significant domestic offshore gas reserves have been discovered recently (100bn m3 onshore and 42bn-84bn m3 offshore). Romania is also reinforcing its natural gas transmission network, including interconnections, to diversify supplies and reduce dependence on Russia. This involves participation in various projects, such as BRUA, Eastring, ROHU (Second phase), and CESEC, aiming to connect with future gas infrastructure projects. In 2023, Romania has started producing 1 bcm from of gas from the Ana platform. Neptun Deep is the largest field in Romania with an estimated reserve of 100 bcm (1,111 TWh) (controlled by a JV between Romgaz and OMV Petrom) and is expected to start gas extraction in 2027, while its gas production is estimated to be able to ramp up to 89 TWh per year. Combined Neptun Deep and Ana productions are expected to be able cover or exceed Romania's annual gas consumption in 2030 (c.9-10 bcm and c.103 TWh), making the country a net exporter of gas (sources: Eurostat, ANRE, Romanian national news agency, 2023 NECP Draft).

Additionally, the Group is growing its ability to export and import natural gas throughout the CSEE region and has multiple sourcing capabilities for natural gas in the SEE region, including one of the first private Romanian companies with a LNG terminal capacity in Greece, which has a cross-border import capacity into Bulgaria, Romania and Hungary. In Hungary, the Group has sold a volume of 536,157 MWh of gas through its subsidiary Premier Energy Hungary Kft in 2023. In 2023, the Group also set-up a subsidiary in Serbia, Alive Capital Beograd d.o.o., which recorded no operations as of the date of this Prospectus. The process for obtaining an LNG terminal is through an auction whereby the Group buys a certain capacity of that LNG terminal and reserves such capacity to import or export gas from Greece to Romania through Bulgaria. An advantage of this is that the Group is able to bring the gas to the Greek LNG terminal in the summer where it will be stored, while the Group is able to get daily movements of gas from the terminal, which provides the potential for additional margins for the Group. The Group has already reserved the LNG terminal capacity in 2020, before the start of the Russia-Ukraine war and the resulting energy crisis, which demonstrates the Group's ability to hedge against risks and position the Group at an advantage compared to its competitors. The Group's LNG terminal is currently under construction and is expected to begin operations in the second quarter of 2024.

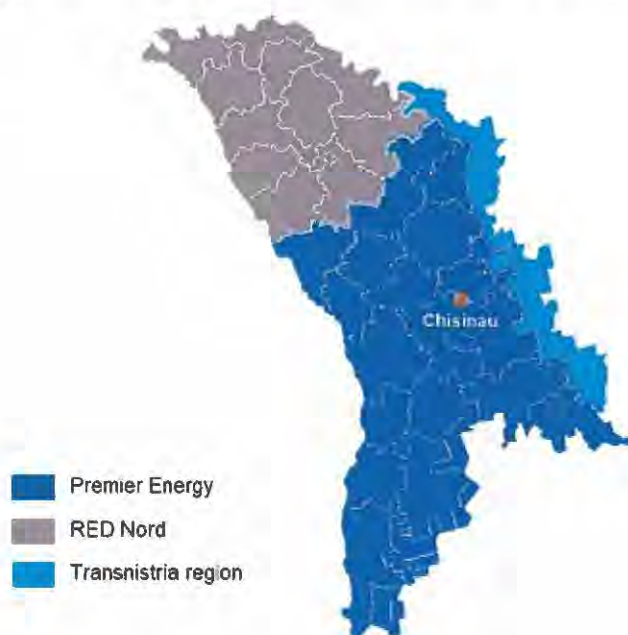
The Group also focuses on arbitrage strategies using contracted storage facilities to store a pre-defined amount of natural gas. Access to storage facilities allows the Group to cover potential supply deficits and demand variations due to seasonal or extreme weather conditions. The Group believes it has a diversified



and flexible portfolio consisting of a mix of long-term and short-term sourcing from local gas producers, as well as being able to import gas and have access to all available gas supply routes, including the interconnections with the neighbouring countries.

#### ***Moldova - Electricity***

According to the Moldovan ANRE, the Group is the largest electricity distributor and supplier in Moldova, serving approximately 70% of the country's geographical area. In 2023, the Group covered approximately 76% (2,830 GWh) of the total volume of electricity distribution and supplied approximately 74% (2,871 GWh) of electricity.



In Moldova both the supply (in respect of public service obligation providers) and distribution markets are currently fully regulated, with yearly regulated return on investment rates on the RAB covered by regulated tariffs for distribution services and yearly regulated tariffs for supply services.

In 2023, the Group generated revenues from its Moldova electricity segment of EUR 419.7 million, Normalized EBITDA of EUR 37.1 million and net profit of EUR 55.3 million.

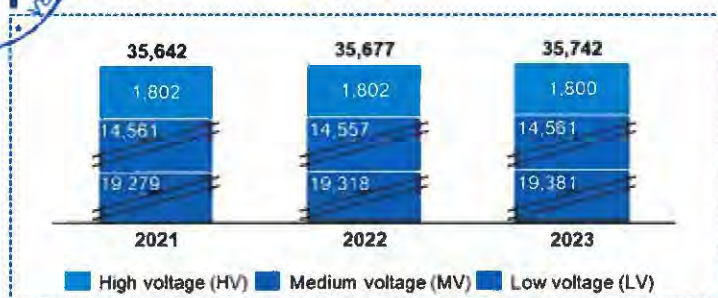
#### ***Electricity distribution***

Premier Energy Distribution is the largest private operator of the national electricity distribution system in Moldova, present in 16 Moldovan districts, Gagauzia autonomous region and the capital city of Chisinau (out of 32 districts and two autonomous regions).

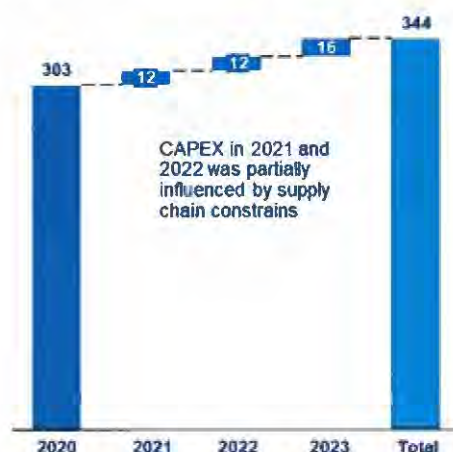
As of 31 December 2023, the Group's electricity distribution network included more than 35,742 km of electrical lines and cables, 1,800 km lines of high voltage (35 kV to 110 kV), 14,561 km lines of medium voltage (6 kV to 10 kV) and 19,381 km lines of low voltage (0.4 kV). As at the same date, the network also included 933,032 meters installed, over 947,615 distribution points, 95 sub-stations (high-voltage and medium-voltage), 7,761 transformer centres (TM) and 9,519 high voltage/ medium voltage/low voltage transformers, and had SCADA and modern SAP ERP in place.



### Distribution network length | km



In Moldova, the Group's RAB for the year 2023 was USD 197 million. Starting in January 2024, the Group's RAB was increased to USD 201.4 million based on investments in 2023 and depreciation for 2024. The Group invested EUR 344 million into the distribution network since 2000 with approximately EUR 14.3 million planned annually mainly for network renewal, upgrades and automation in the future.



In 2023, the Group distributed 2,830 GWh of electricity to its clients in Moldova, representing a 4% decrease over 2022. This decrease in electricity distribution in 2023 compared to 2022 and 2021 was mainly due to the unusually high energy consumption in 2022 owing to the gas crisis, when some clients used electricity as a substitute for gas heating, and in 2021 owing to the post-pandemic uptick in energy consumption. In 2023, the energy consumption levels further reduced due to the unusually higher temperatures during the first months of 2023 followed by a mild summer.

The following table sets out information relating to the development of the Group's distribution network and volume of electricity distributed for the respective periods shown:

|                                     | 2023    | 2022    | 2021    |
|-------------------------------------|---------|---------|---------|
| Power lines length (km)             | 35,742  | 35,677  | 35,642  |
| Number of consumption points        | 947,615 | 939,411 | 931,224 |
| Growth (%)                          | 1.0     | 1.0     | 1.0     |
| Electricity distributed (GWh)       | 2,830   | 2,938   | 2,983   |
| Regulated Asset Base (RAB)   USD m  | 197.0   | 196.4   | 193.8   |
| Regulated Asset Base (RAB)   *EUR m | 182.2   | 186.6   | 163.8   |

\*RAB is denominated in USD

The following table sets out information relating to the energy losses, outstanding commercial debt, collection rate, interruptions in electricity distribution (SAIFI, SAIDI numbers) and comparison of tariffs against RED Nord, the only Moldovan competitor, for the respective periods shown:

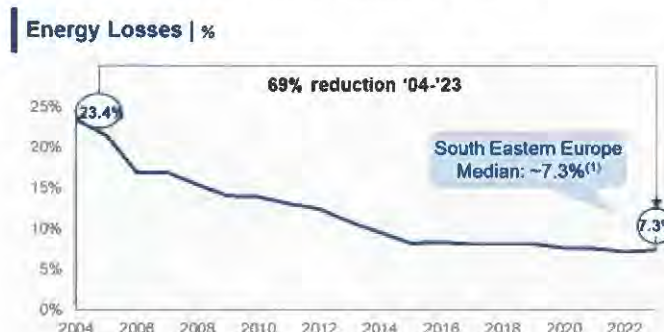
|                   | 2023 | 2022 | 2021 |
|-------------------|------|------|------|
| Energy Losses (%) | 7.33 | 7.20 | 7.49 |





|                                                              | 2023 | 2022  | 2021  |
|--------------------------------------------------------------|------|-------|-------|
| Outstanding Commercial Debt 2-12 (%)                         | 0.13 | 0.18  | 0.21  |
| Outstanding Commercial Debt 6-60 (%)                         | 0.05 | 0.05  | 0.05  |
| Collection Rate (%)                                          | 98.2 | 105.7 | 100.3 |
| SAIDI (h)                                                    | 1.36 | 1.35  | 1.68  |
| SAIFI (units)                                                | 1.91 | 1.97  | 2.44  |
| Lower Tariffs (Premier Energy Distribution vs. RED NORD) (%) | (46) | (21)  | (56)  |

The Group's electricity losses and technological consumption in Moldova has decreased from 23.4% in 2004 to just 7.3% in 2023, which is in line with the Group's European peers having a 2022 SEE median of approximately 7.3% comprising Bulgaria, Croatia, Greece and Romania.



The Group's System Average Interruption Duration Index (SAIDI) in Moldova has decreased from 18.1 interruption hours per customer in 2004 to just 1.36 in 2023.



Furthermore, the Group's operational efficiency and scale effects translate into lower operational expenditure base and lower tariffs in distribution than RED Nord.

#### Electricity supply

According to the Moldovan ANRE, Premier Energy Furnizare is the largest electricity supplier with a market share of approximately 74% in Moldova as of 31 December 2023. In 2023, the Group procured 3,074 GWh (mainly from Energocom), imported 174 GWh from Romania and 7 GWh from Ukraine, and got the remaining 2,353 GWh from MGRES. The Group supplies electricity to household and non-household clients throughout the country. The Group defines its supply clients using the same terminology as the Moldovan ANRE, which are either (1) "household" clients comprising residential clients; or (2) "non-household" clients comprising clients purchasing electricity for purposes other than own household needs.

No client accounted for more than 3% of total electricity sales by volume in 2023, 2022 or 2021. In 2023, the Group supplied 2,871 GWh of electricity to its clients in Moldova, representing a 3% decrease over 2022.

Tariffs for electricity supply for eligible clients who are permitted to choose their supplier in the competitive market are set by bilateral contracts and tariffs for electricity supply in the regulated market are approved by the Moldovan ANRE. The Group's operational efficiency translates into lower distribution tariffs, which in turn results in lower supply tariffs (2021: 1.51; 2022: 4.62; 2023: 2.39), versus the key local peers.



As of 31 December 2023, 100% of the Group's electricity supply sector revenue was generated from regulated revenue. For the supply of electricity under regulated contracts to clients, the cost of electricity is driven by the purchase price of electricity on the regulated market.

The following table sets out information relating to the development of the Group's supply sector client base broken down by type of client and type of market and volume of electricity supplied for the respective periods shown.

|                                         | 2023    | 2022    | 2021    |
|-----------------------------------------|---------|---------|---------|
| Number of clients .....                 | 843,211 | 835,587 | 829,683 |
| Household .....                         | 811,986 | 804,860 | 799,403 |
| Non-Household .....                     | 31,225  | 30,727  | 30,280  |
| Growth (%) .....                        | 1.6     | 1.5     | 1.2     |
| Electricity sold to clients (GWh) ..... | 2,871   | 2,974   | 2,728   |

### **Maintenance**

Part of the Group's commercial strategy is to provide a comprehensive range of ancillary energy-related services to its clients.

In Romania, Premier Energy S.R.L. also provides more complex services dedicated to safety and energy efficiency, including:

- checks and maintenance of natural gas distribution pipes and natural gas branching;
- technical revision of natural gas distribution pipes and natural gas branching;
- revision of stations and posts for setting or setting-measuring; and
- intervention for fixing any defects;

and its goal is to continue to diversify and extend the range of services provided.

Premier Energy Moldova provides energy-related services (connection, disconnection and reconnection services, etc) at regulated tariffs approved by the Moldovan ANRE. In accordance with regulatory requirements, the Group carries out periodic inspections of the installations, while documenting the results and applying corrective and preventive measures as appropriate. At the same time, for regulatory purposes, quality indicators of the service provided are defined, such as SAIDI (which measures the system average interruption duration), SAIFI (which measures the system average interruption frequency) and CAIDI (which measures the average interruption time per client affected by the interruption per year), the value of which confirms the responsible attitude of the Group towards the clients, as well as the quality of the services provided by the Group.

### **Main licenses and concessions**

#### ***Natural gas distribution license in Romania***

License no. 1872 dated 18 October 2013 granted by the Romanian ANRE to Premier Energy S.R.L. (the "**PE Gas Distribution License**") is valid until 2 May 2049 and covers the gas distribution activities in over 210 communities (the "**PE Gas Distribution Areas**"). Under the PE Gas Distribution License, the company is granted the exclusive right to perform the natural gas distribution service and to operate the gas distribution assets in the PE Gas Distribution Areas. Specifically, the company has the rights to perform and, consequently, to invoice and collect tariffs for distribution, grid connection and ancillary services (such as issuing endorsements for the authorisation of construction works or commissioning gas installation works within the PE Gas Distribution Areas). The company must monitor and ensure the operation of the operation of the distribution systems and connect the clients to the grid, as well as deploy personnel for addressing any complaints or incidents within the PE Gas Distribution Areas. Furthermore, the company must design, develop, and perform works related to the extension, rehabilitation and/or modernisation of such distribution systems.

License no. 1865 dated 10 October 2013 granted by Romanian ANRE to Progaz (the "**Progaz Gas Distribution License**") and together with the PE Gas Distribution License, the "**Gas Distribution License**") is valid until 7 March 2025. The Progaz Gas Distribution License covers 3 concessions: Berceni



(Bucharest), Telega and Brebu (both in Prahova County) (the "Progaz Gas Distribution Areas" and together with the PE Gas Distribution Areas, the "Gas Distribution Areas").



If Premier Energy S.R.L. does not comply with the legal obligations applicable to the natural gas sector or those set forth in the applicable legislation which make it impossible to carry on its activities, the Romanian ANRE will apply the following measures:

- in case the situation may be remedied, (a) imposes a remediation period of three months or (b) if the situation is attributable to the company, suspends the Gas Distribution License;
- in case the situation cannot be remedied, withdraws the Gas Distribution License.

In case the situation it is attributable to the company, the Gas Distribution License is suspended for a period of 60 days for remediation or, if remediation is not possible, the Gas Distribution License will be withdrawn. The Romanian ANRE may also withdraw the Gas Distribution License if the holder is declared bankrupt by a final court decision, in case of evidence that the activity endangers or seriously harms natural persons, properties or the environment, if the concession or assimilated natural gas distribution agreement is terminated, or following a reasoned request submitted by the holder in this respect. In the latter case, the Romanian ANRE withdraws the license only after the fulfilment of the holder's obligations towards ANRE and, if the holder performs its activity based on a concession or assimilated agreement, the holder submits the approval of the relevant contract partner.

#### *Natural gas supply license in Romania*

License no. 1873 dated 18 October 2013, granted by the Romanian ANRE to Premier Energy S.R.L. (the "PE Gas Supply License") is valid until 18 October 2038. Under the Natural Gas Supply License, the company has the right to supply natural gas to clients in Romania. In relation to final customers, the company has specific obligations under the law related to (i) informing clients free of charge (it must promptly and accurately provide data related to the supply activity and also set-up and maintain contact points for securing the access to information for such clients) or (ii) concluding supply agreements which meet minimum standard conditions (such as simple and cost-effective dispute resolution procedures or unilateral termination rights for the benefit of clients). The Company must acquire natural gas supplied to household clients under cost minimisation conditions and must observe competitive, transparent, equal and non-discriminatory treatment conditions in the gas acquisition processes. Additionally, the company has specific obligations to maintain adequate financial resources, for securing the continuity of the supply activity to final customers.

If Premier Energy S.R.L. does not comply with its obligations under the Gas Supply License or those set forth in the applicable legislation which make it impossible to carry on its activities, the Romanian ANRE will apply the following measures:

- in case the situation may be remedied, (a) imposes a remediation period of three months or (b) if the situation is attributable to the company, suspends the Gas Supply License;
- in case the situation cannot be remedied, withdraws the Gas Supply License.

In case the situation it is attributable to the company, the Gas Supply License is suspended for a period of 60 days for remediation or, if no remediation is possible than the Gas Supply License will be withdrawn. The Romanian ANRE may also withdraw the Gas Supply License if the holder is declared bankrupt by a final court decision, in case of evidence that the activity endangers or seriously harms natural persons, properties or the environment, or following a reasoned request submitted by the holder in this respect. In the latter case, the Romanian ANRE withdraws the license only after the fulfilment of the holder's obligations towards ANRE and only if the natural gas supply activity is no longer carried out.

License no. 1971 of 9 December 2020, granted by ANRE to Premier Energy Trading S.R.L. ("PE Trading Gas Supply License") is valid until 31 December 2030. According to the Gas Supply License, the company has the right to supply natural gas to clients in Romania. In relation to final customers, the company has specific obligations under the law related to (i) informing clients free of charge (it must promptly and accurately provide data related to the supply activity and also set-up and maintain contact points for securing the access to information for such clients) or (ii) concluding supply agreements which meet minimum standard conditions (such as simple and cost-effective dispute resolution procedures or unilateral termination rights for the benefit of clients). The Company must acquire natural gas supplied to household





clients under cost minimisation conditions and must observe competitive, transparent, equal and non-discriminatory treatment conditions in the gas acquisition processes. Additionally, the company has specific obligations to maintain adequate financial resources, for securing the continuity of the supply activity to final customers.

License no. 2497 of 16 March 2023 granted by Romania ANRE to Progaz ("Progaz Gas Supply License") is valid until 31 December 2028.

#### ***Electricity supply license Romania***

Premier Energy S.R.L. holds an electricity supply license since 2019 (the electricity supply license no. 2149 dated 23 May 2019 issued by the Romanian ANRE) and valid until 23 May 2024, the company being in the process of renewing it. Alive Capital holds a license for the electricity supply activity no. 1871 from 13 January 2016, valid until 13 January 2026. The Group also owns a Local Dispatching Alive Capital DLC Power Plant authorised by CNTEE Transelectrica SA - UNO-DEN (National Energy Dispatching) for the operational management of dispatching power plants. Premier Energy Trading S.R.L. holds the license for electricity supply no. 2363 dated 7 December 2022, valid until 7 December 2027. True Energy Management S.R.L. holds the license for electricity supply no. 2433 dated 25 October 2023, valid until 25 October 2028. True Energy Management S.R.L. also holds the license for the commercial exploitation of electricity and heat production capacities from cogeneration power plants no. 2431 dated 25 October 2023, valid until 25 October 2028.

In case of non-fulfilment by the license holder of its legal obligations under the legislation, as well as in case of non-compliance with the conditions associated with the license, identified by ANRE ex officio or upon notification by third parties or by the holder, ANRE will apply the following measures:

- if the non-fulfilment or non-observance of obligations is not attributable to the license holder, ANRE orders the granting of a compliance period of maximum six months to the holder of the respective license, if the created situation can be remediated, under the sanction of license suspension or, license withdrawal, if the created situation is irremediable;
- if the non-fulfilment or non-observance of obligations is attributable to the license holder, ANRE orders the suspension of the license for a specific period, to remediate the created situation, if it is remediable, or, the withdrawal of the license, if the created situation is irremediable.

In addition to the aforementioned situations, ANRE can also suspend the license holder in the following situations:

- upon reasoned request, submitted by the license holder and accepted by ANRE;
- if another public institution has suspended the validity of one of the documents on which the license was granted under the provisions of the applicable legislation;
- if the establishment of energy capacities or of one or more of their components endangers or harms natural persons, property and/or the environment, situation ascertained by a public authority/institution or by a court;
- during the investigation carried out by ANRE regarding an appeal regarding the granting of the license;
- for repeated non-fulfilment of payment obligations as a party responsible for balancing or for repeated non-payment of the cogeneration contribution, according to ANRE regulations, found by ANRE at the request of the administrator of the support scheme; and
- in case of repeated non-fulfilment by electricity suppliers of the obligations to pay penalties for non-fulfilment of quarterly and/or annual obligations for the acquisition of green certificates, according to the provisions of the law and ANRE regulations, found by ANRE upon notification of the Environmental Fund Administration.



In addition to the situations provided above, ANRE can withdraw the license holder in the following situations:

- at the specific request of the holder, after confirming the fulfilment of the obligations to ANRE; in the case of the applicant holding a license for the electricity supply activity, only if he no longer carries out the electricity supply activity for which he holds a license, at the time of submitting the application;
- in the event of revocation, incapacity, bankruptcy or deletion of the holder;
- in cases where the cancellation by the issuer or expiry of the validity of one of the acts (authorisation, agreement, notice, permit or approval) on which the license was granted under the provisions of this Regulation is irretrievable, leading to the impossibility of carrying out the activities permitted by the license or complying with the conditions associated with them;
- as a result of an appeal concerning the granting of the license, which has been resolved favourably; and
- in case of impossibility to remediate the situations of non-payment of contributions or penalties to ANRE.



#### ***Electricity distribution license in Moldova***

License no. AC 001428 dated 14 January 2008, granted by the Moldovan ANRE to Premier Energy Distribution (the "**Electricity Distribution License**"), is valid until 21 July 2025 and covers the electricity distribution in Moldova in the territories listed by the Electricity Distribution License, comprising 16 Moldovan districts, the Gagauzia autonomous region and the capital city of Chisinau.

Under the Electricity Distribution License, Premier Energy Distribution is granted the following rights: (i) to perform the electricity distribution activity in its licensed region, (ii) to receive the distribution tariff, (iii) to request the Moldovan ANRE to take into consideration, when calculating and approving the distribution tariff, operating costs incurred from performing the distribution activity for inclusion in the categories of costs acknowledged under the Moldovan ANRE regulations, (iv) to purchase the electricity necessary for its own technical consumption from the wholesale energy market or from imported electricity, and (v) to negotiate the use or lease of distribution capacities already existing in its licensed region and/or, pursuant to its exclusive distribution right, to prevent other distributors from connecting new clients and/or increasing the capacity of their distribution networks without the prior approval of the incumbent licensed distributor.

In addition, under the Electricity Distribution License, Premier Energy Distribution has the following obligations (i) to provide access to clients to its distribution network, (ii) to use only the Moldovan ANRE regulated tariffs when charging for its electricity distribution, (iii) to separate its costs for distribution activity from its costs for other activities, and (iv) not to supply electricity.

Under the Electricity Distribution License, Premier Energy Distribution also has an obligation to notify the Moldovan ANRE regarding any breach of the conditions of the Electricity Distribution Licenses, change of registered office, legal status, share capital or general manager. The Electricity Distribution License may also be temporarily suspended by the Moldovan ANRE, for a period of at least 30 working days, where the licensed distributor: (i) does not fulfil its legal obligations; (ii) does not observe an essential condition within the license or repeatedly breaches one or more conditions three times or more in any twelve month period and, in each event, the situation that was created could have been remedied, and (iii) a general insolvency procedure is opened against the relevant licensed distributor. The Moldovan ANRE may withdraw the Electricity Distribution License if Premier Energy Distribution (i) is unable to fulfil its prescribed obligations, being the distribution of energy to at least 50% of clients from its licensed region, without being able to remedy such situation, (ii) is declared bankrupt, (iii) if there has been a reduction in the relevant assets and the Moldovan ANRE determined that, due to such reduction, the distributor is no longer able to continue the distribution of electricity to at least 50% of the clients from its licensed region without being able to remedy such situation, or (iv) the relevant distributor has requested the withdrawal of its license in writing.

Further, the Moldovan ANRE may impose sanctions to licensed companies in the amount from 1% to 5% from the annual turnover of the company for breaches stipulated in the law, including *inter alia* for (i)





repeated refusals to present to ANRE the information and reports required, or to publish reports on company's activity, (ii) breach of obligations leading to interruption of supply of electricity to clients, under certain circumstances, (iii) refusal of the company to allow inspections by ANRE, or obstruction of such inspections.

The reorganisation of Premier Energy Distribution, including its merger with other companies, shall be carried out only with the consent of the Moldovan ANRE. The Moldovan ANRE shall be required, within one month, to take a decision on the agreement or disagreement with the reorganisation of the electricity undertaking concerned. In the event of the decision on the reorganisation of the electricity undertaking being adopted, the Moldovan ANRE shall be entitled to amend the conditions set out in the license. For justified reasons, the examination period of the application of the electric power company may be extended up to a maximum of two months. Moldovan ANRE may request, as appropriate, the opinion of the Moldovan Competition Council. If Moldovan ANRE does not take the decision on the agreement or disagreement with the reorganisation of the power company within the set deadline, the agreement shall be deemed to be offered. If the reorganisation constitutes an economic concentration pursuant to Competition Law No. 183 dated 11 July 2012, authorisation by the Moldovan Competition Council should be obtained prior to such reorganisation.

Premier Energy Distribution is not entitled to procure shares of other licensees, directly or indirectly, individually, or jointly with its affiliates, without the consent of the Moldovan ANRE. The Moldovan ANRE shall, within one month, take a decision on the agreement or disagreement with the acquisition of shares by the electricity undertaking concerned. For duly substantiated reasons, the examination period of the company's application may be extended up to a maximum of two months. Moldovan ANRE may request, as appropriate, the opinion of the Moldovan Competition Council. If Moldovan ANRE does not take the decision on the agreement or disagreement with the purchase of shares by the power company within the set deadline, the agreement shall be deemed to be offered.

#### ***Electricity supply license in Moldova***

According to the provisions of the electricity law in force, the license for the supply of electricity is issued for a period of 10 years. The Group holds three supply licenses in Moldova: one for the electricity supply on regulated tariffs, and two for the supply of electricity on non-regulated tariffs.

Premier Energy S.R.L. holds the supply license AC 001427 issued by the Moldovan ANRE on 16 January 2018 (the "Electricity Supply License"), which is valid until 16 January 2028 and covers the electricity supply on the entire territory of Moldova. With the recent amendments to Law 107 on electricity that came into force in December 2023, the supply license for suppliers of a universal service is extended for 10 years from the date of entering into force of the amended Law 107.

Under the Electricity Supply License and as universal supplier and supplier of last resort Premier Energy S.R.L. is granted the following rights (i) within the territory established by the Moldovan ANRE concludes, upon request, electricity supply contracts with any final customer entitled to this service according to the Law on Electricity, at regulated prices, approved by the Moldovan ANRE, (ii) procures electricity at the lowest price, in transparent and non-discriminatory conditions, while ensuring the reliability of electricity supply to final customers. Procurement agreements shall be concluded/ extended in reasonable terms and further submitted for approval to Moldovan ANRE at least 15 days before the expiration of the previous procurement agreements, (iii) to sell electricity at market conditions, at negotiated prices, provided that separate accounts are kept for each type of supply, (iv) to discontinue the supply of electricity to persons that are breaching payment terms and conditions and (v) to have access to measuring equipment that is on the territory of the consumer, in order to record the quantity of consumed electricity, and to verify the functionality and integrity of measuring equipment.

In addition, under the Electricity Supply License, Premier Energy S.R.L. has, *inter alia*, the following obligations: (i) to perform its activity observing Electricity Supply License conditions and meet license conditions, (ii) to perform obligations of universal supplier or supplier of last resort, (iii) to conduct its activity based on the principle of maximum efficiency at minimum costs, (iv) to ensure the functioning of a client call centre and client service centre that shall operate 5 days a week 8 hours per day. The Personnel resolving client claims shall have sufficient authority to take decisions on supplier behalf and collaborate with the operator of the network to resolve the issues raised by clients, delivery of requested information, management of requests and complaints, setting up meetings with supplier representatives shall be possible by phone and email, (v) to elaborate standard supply clauses that are to be transmitted to clients for





negotiation. Standard clauses are to be made available by publishing on suppliers website or by other transparent methods. The standard clauses are to be in line with legal provisions and mandatory requirements Regulation on supply of electricity. The terms of standard clauses are to be approved by Moldovan ANRE, (vi) to enter supply agreement with clients that meet the criteria for benefiting of universal supply services or of supply of last resort, (vii) not to discriminate market participants, (viii) not to interrupt the supply of electricity except for the lack of payment, technical and security reasons as provided by the law, (ix) to terminate the supply agreements only under the terms and conditions provided by the Regulation on electricity supply, (x) to separate the accounting of supply activity from its other activities and keep record for categories of clients, (xi) not to distribute electricity (xii) to pledge all diligence for the out-of-court settlement of disputes related to the execution of the electricity supply agreements and to implement a non-discriminatory mechanism for reimbursement of expenses or payment of compensation to final customers, (xiii) to report annually to the Moldovan ANRE the results of its activity. The report is made public on supplier's web page, (xiv) to duly pay the regulatory payments (xv) to perform its obligations related to security, quality and continuity of supply and observe the terms and conditions of the agreements entered with clients, (xvi) to allow clients to pay their bills through several payment methods. Any difference in payment conditions is to be grounded on a cost basis. The supplier is entitled to request advanced payments for estimated electricity consumption applying the criteria as provided by the Regulation on supply of electricity, including in cases of clients insolvency (xvii) to invoice electricity consumption based on a bill issued under the rules of the Regulation on electricity supply. The transportation and distribution costs and expenses may be included in the bill, (xviii) to include in the bill promotional information as well as information required to be disclosed to clients, (xiii) to annually elaborate and publish on its web site a programme of actions to provide clients with support in observing their contractual terms of supply and prevent the suspension of electricity supply, thus promoting electricity efficiency, the production of renewable electricity and supporting the supply of energy in places far from urban centres.

Additionally, Premier Energy S.R.L. must notify the Moldovan ANRE and its clients three months in advance of its (i) intention to suspend or withdraw the Electricity Supply License, (ii) unwillingness to extend the term of expiring Electricity Supply License.

If Premier Energy S.R.L. stops supplying electricity or cannot supply electricity it shall notify the operator of the network 30 days in advance of such stoppage as regards the last day when electricity would be supplied and readdress all its clients to the last resort supplier nominated by the Moldovan ANRE.

Navitas Energy S.R.L. holds the supply license AC 001504 issued by the Moldovan ANRE on 23 December 2020 (the "**Non-Regulated Tariff Electricity Supply License Navitas**"), which is valid until 23 December 2030 and covers the electricity supply on non-regulated tariffs for the entire territory of Moldova.

Electra Logistics S.R.L. holds the supply license MMI No. 000122 issued by the Moldovan ANRE on 4 August 2023 (the "**Non-Regulated Tariff Electricity Supply License Electra**"), which is valid until 3 August 2033 and covers the electricity supply on non-regulated tariffs for the entire territory of Moldova.

Under the Non-Regulated Tariff Electricity Supply License Navitas and Non-Regulated Tariff Electricity Supply License Electra, Navitas Energy S.R.L. and Electra Logistics S.R.L. are granted the following rights (i) to perform sale, including re-sale, of electricity to final customers at free tariff, (ii) to negotiate with clients the price for electricity based on market principles, (iii) to acquire electricity through bilateral agreements or on organised markets observing mandatory legal provisions of the Law on Electricity and the special status of renewable energy, (iv) to supervise the performance of the agreement by the client (v) to discontinue the supply of electricity to persons that are breaching payment terms and conditions or that do not observe the conditions of electricity supply, except for the cases expressly regulated by law (vi) to have access to measuring equipment that is on the territory of the customer, in order to record the quantity of consumed electricity, and to verify the functionality and integrity of measuring equipment.

In addition, under the Non-Regulated Tariff Electricity Supply License Navitas and Non-Regulated Tariff Electricity Supply License Electra, each of Navitas Energy S.R.L. and Electra Logistics S.R.L. has the following obligations: (i) to perform its activity observing the License conditions, (ii) not to discriminate market participants, (iii) not to interrupt the supply of electricity except for the lack of payment, technical and security reasons as provided by the law, (iv) to terminate the supply agreements under the terms and conditions provided by law, (v) to separate the accounting of supply activity from its other activities and keep record for categories of clients, (vi) to perform reporting undertakings towards the Moldovan ANRE, (vii) to duly pay the regulatory payments (viii) not to distribute electricity, (ix) perform its obligations





related to security, quality and continuity of supply and observe the terms and conditions of the agreements entered with clients, (x) to allow clients to pay their bills through several payment methods. Any difference in payment conditions is to be grounded on a cost basis. The supplier is entitled to request advanced payments for estimated electricity consumption applying the criteria as provided by the Regulation on supply of electricity, including in cases of clients insolvency (xi) to invoice electricity consumption based on a bill issued under the rules of the Regulation on electricity supply. The transportation and distribution expenses as well as other costs (as provided by law) may be included in the bill, (xii) to include in the bill promotional information as well as information required to be disclosed to clients, (xiii) to annually elaborate and publish on its web site a programme of actions to provide clients with support in observing their contractual terms of supply and prevent the suspension of electricity supply, thus promoting electricity efficiency, the production of renewable electricity and supporting the supply of energy in places far from urban centres, (xiv) to undertake the necessary actions to support and protect client interests, including the efficient resolution of claims. For example, by resolving disputes through alternative extrajudicial means, (xv) annually reports to Moldovan ANRE the results of its activity. The report is made public on the supplier's web page, (xvi) to organise client service that would allow clients to receive all information required under the law and (xvii) to perform obligations of universal supplier or supplier of last resort if is appointed as such by the Moldovan ANRE.

The Electricity Distribution License, Electricity Supply License, the Non-Regulated Tariff Electricity Supply License Navitas, and the Non-Regulated Tariff Electricity Supply License Electra may be suspended in the following cases: (i) at the request of the license holder regarding the suspension of the license, (ii) non-compliance by the licensee with the deadline for submitting the application for the issuance of the duplicate of the lost or damaged license, (iii) non-compliance by the licensee with the prescription regarding the liquidation, within the term established by the Moldovan ANRE, of the violation of the conditions for carrying out the licensed activity, (iv) the temporary incapacity of the license holder to carry out the type of activity licensed according to the provisions of the law, or (v) failure to make the regulatory payment within the terms established by law.

In the situations mentioned at (ii) – (v) the decision on the suspension of the license shall be adopted by the Moldovan ANRE within three working days from the date of entry into force of the court decision and shall be notified to the license holder within three working days from the date of adoption. The decision of the Moldovan ANRE on the suspension of the license shall indicate the concrete term of suspension, which may not exceed three months.

For the period of suspension of the license for the distribution of electricity or of the license of the universal supplier, and supplier of last resort the Moldovan ANRE designates a new holder of the license for carrying out one of the mentioned types of activity in place of the holder whose license has been suspended. The power company whose license has been suspended will not in any way impede the activity of the designated licensee, providing him with all the information and documents necessary for carrying out the activity. The licensee is obliged to inform in writing the Moldovan ANRE about the removal of the circumstances that led to the suspension of the license.

If the licensee is found not to have fulfilled his obligations, including those prescribed by the Moldovan ANRE, which will lead to the interruption of the supply of electricity to clients for a period longer than that established for the removal of the motivated causes, endangering national security, human life and health, or if the actions or inactions of the licensee lead to a breach of public order and require immediate remediation of the consequences, the license may be suspended by the Moldovan ANRE, to be subsequently address in court, in accordance with the below paragraph.

The Electricity Distribution License, the Electricity Supply License, the Non-Regulated Tariff Electricity Supply License Navitas, and the Non-Regulated Tariff Electricity Supply License Electra may be withdrawn, by a court decision or directly by the Moldovan ANRE (for grounds mentioned at letter (i) and (ii) below) in the following cases: (i) at the request of the license holder, (ii) by the cancellation of the state registration of the license holder, (iii) following the detection of inauthentic data in the documents submitted to the Moldovan ANRE in connection with the issuance, extension or re-completion of the license, (iv) finding that the licensee does not meet the conditions established for the issuance and extension of the license, (v) establishing that the license or a copy thereof has been transferred to another person for the purpose of carrying out the type of activity indicated in the license, (vi) failure to remove in time the circumstances that led to the suspension of the license, (vii) repeated non-execution of the prescriptions regarding the liquidation of the violation of the conditions for carrying out the licensed activity, issued by



the Moldovan ANRE, or (viii) the inability of the licensee to carry out the activity for which the license was issued.

According to the Moldovan legislation, the Moldovan ANRE is not entitled or authorised to refuse the license extension unless the relevant applicant no longer meets the legal conditions to apply for it.

Further, the Moldovan ANRE may impose sanctions to licensed companies in the amount from 1% to 5% from the annual turnover of the company for (i) repeated refusals to present to ANRE the information and reports required, or to publish reports on company's activity, (ii) breach of obligations leading to interruption of supply of electricity to clients, under certain circumstances, (iii) refusal of the company to allow inspections by ANRE, or obstruction of such inspections, etc.

## **Recent acquisitions**

### ***Acquisition of CEZ Vanzare***

In December 2023, the Group signed a share purchase agreement for the acquisitions of a 100% stake in CEZ Vanzare, an electricity and gas supply business providing approximately 3,157 GWh of electricity and gas to its clients. As a result of the acquisition of CEZ Vanzare, which was completed with effect from 15 April 2024, the Group has added approximately 1.4 million clients (of which only approximately 23,000 are gas clients), which together with the Group's existing clients, would amount to a total of approximately 2.4 million household clients in Romania and Moldova receiving electricity and/or natural gas.

CEZ Vanzare had an approximately 6% market share as of 31 December 2022. In 2022, CEZ Vanzare supplied 2,619 GWh of electricity to households (62%), strategic clients (27%) and mass market (11%). During the same period, CEZ Vanzare supplied 538 GWh of gas to households (38%), strategic clients (45%) and mass market (17%). Further, CEZ Vanzare had approximately 240 employees as of 31 December 2023.

In addition to scaling benefits, the new client base also allows the Group the opportunity to cross-sell its services to its clients. For example, the Group can offer gas supply services to the new clients resulting from the CEZ Vanzare acquisition, the vast majority of whom previously received only electricity supply services from CEZ Vanzare. Similarly, the Group can provide electricity to the Group's existing clients currently being supplied only gas.

Furthermore, the acquisitions of CEZ Vanzare provides a natural hedge to the Group's renewable energy supply portfolio in the future as the Group has a sizeable offtake mostly by households and expects the renewable energy supply to have a larger share on production in Romania. Additionally, the acquisition provides the Group opportunity for operational synergies through increased operational efficiencies and a competitive advantage on the renewable energy supply aggregator market due to the possibility of the offtake enabling the Group to realise a larger margin.

### ***Acquisition of wind plants and solar plants***

AWP1 is a special purpose vehicle set up by the Company, which owns 65%, and Omnia Capital, which owns 35%. On 7 December 2023, Alive Wind Power One S.R.L entered into a business transfer agreement with Self Concept S.R.L. in exchange for EUR 18.7 million for the acquisition an existing wind power plant of 18 MW power installed, with the possibility to extend the capacity with another 8 MW. The transaction received foreign direct investment approval in Romania on 29 March 2024 and the competition council approval on 3 April. The transaction was completed on 16 April 2024.

In 2023, the Group acquired:

- Enex, a 27.5 MW wind plant (of which 13.75 MW is in operation and 13.75 MW in development) with a normalised annual production of 34,068 MWh/year located in Nalbant Commune, Tulcea County. The Group acquired 80% of the target through a share purchase agreement;
- Alive Sun Power One S.R.L., a 5.4 MW operational solar plant located in Valea Calugareasca Comune, Prahova County with a normalised annual production of 5,581 MWh/year. The Group acquired 51% of the target through a build transfer agreement;





- Alive Sun Power Two S.R.L., a 1.9 MW operational solar plant located in Urlati Commune, Prahova County with a normalised annual production of 2,240 MWh/year. The Group acquired 51% of the target through a share purchase agreement;
- Da Vinci New Project S.R.L., a 23.1 MW solar plant with 4.6 MWh storage capacity for which suppliers are currently tendered (the company received a EUR 5.4 million government grant for the project);
- Brasov Renewables S.R.L., a 36.8 MW solar plant in development, of which the Group has 40% shareholding, located in Brasov County.

#### **Acquisition of Progaz P&D**

On 25 August 2023, the Company acquired a 99.99% stake in the entity PROGAZ P&D S.A., a gas distribution company with 3 concessions in Romania, including one in Berceni (Bucuresti), for the total purchase price of EUR 1,911 thousand. Goodwill in the amount of EUR 1,333 thousand was recognized as a result of this transaction.

The acquisition was completed because of the Group's strategic growth initiative within the natural gas distribution and supply business with expected synergies from combining operations of the acquiree and the acquirer. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 4 months ended 31 December 2023, the entity PROGAZ P&D S.A. generated standalone revenue of EUR 704 thousand and a loss before tax of EUR 79 thousand.

PROGAZ P&D S.A. is expected to be merged into Premier Energy S.R.L. on 30 June 2024.

#### **Employees and employee policies**

As of 31 December 2023, the Group had 1,388 full-time employees performing their work across the Group's business locations in Romania and Moldova (i.e. Premier Energy Romania's registered office located in Bucharest and Premier Energy Moldova's headquarters located in Chisinau and other locations across the countries). As of 31 December 2023, out of 1,388 full-time employees, approximately 40% were technicians and workers, 25% were engineers, 21% were support and 4% represented the management. As at 31 December 2023, the Group had 31 employees with limited duration employment agreements, while the rest of the personnel are employed based on unlimited employment agreements.

The following table sets forth the Group's employees and staff under management services contracts at 31 December 2023, 2022 and 2021, split by Group company:

| Company                          | Number of employees<br>As at 31 December |              |              |
|----------------------------------|------------------------------------------|--------------|--------------|
|                                  | 2023                                     | 2022         | 2021         |
| Premier Energy S.R.L.            | 508                                      | 480          | 482          |
| Progaz P&D S.R.L.                | 28                                       | -            | -            |
| Premier Energy Trading S.R.L.    | 9                                        | 8            | 9            |
| Premier Energy Distribution S.A. | 653                                      | 654          | 613          |
| B.E.R.G. Instalatii S.R.L.       | 12                                       | 29           | 24           |
| Ligatne Gas S.R.L.               | 30                                       | 35           | 37           |
| I.C.S. Premier Energy S.R.L.     | 98                                       | 103          | 87           |
| Navitas Energy S.R.L.            | 3                                        | 3            | 1            |
| Alive Capital S.A.               | 31                                       | 30           | 21           |
| Ecoenergia S.R.L.                | 4                                        | 3            | 2            |
| Enex Nalbani Renewables S.R.L.   | 2                                        | -            | -            |
| Alive Sun Power Two S.R.L.       | 2                                        | -            | -            |
| Alive Sun Power One S.R.L.       | 3                                        | -            | -            |
| Da Vinci New Project S.R.L.      | 5                                        | -            | -            |
| <b>Total</b>                     | <b>1,388</b>                             | <b>1,345</b> | <b>1,276</b> |



The following table sets forth the Group's employees and staff under management services contracts at 31 December 2023, 2022 and 2021, split by geographic location:

| Geographic location | Number of employees<br>As at 31 December |              |              |
|---------------------|------------------------------------------|--------------|--------------|
|                     | 2023                                     | 2022         | 2021         |
| Romania             | 634                                      | 585          | 575          |
| Moldova             | 754                                      | 760          | 701          |
| <b>Total</b>        | <b>1,388</b>                             | <b>1,345</b> | <b>1,276</b> |

The Group has been continuously focused on the training of its employees and it prepares and deploys training and career development plans for employees within its various business sectors.

#### ***Employee benefits in Premier Energy Romania***

The Group makes payments for taxes withheld from salaries, which are calculated in accordance with the legal rates in force during the year, based on gross salaries. Meal allowances, travel expenses and holiday allowances are also calculated in accordance with local legislation.

The Group employees in Romania are members of a state-managed retirement benefit plan and from 2008 may voluntarily (or for employees under the age of 35 are required to) subscribe to a private pension fund. In Romania, the Group does not operate any other pension scheme or post-retirement benefits plan and consequently, has no obligation in respect of pensions.

Employee benefits include voluntary health care subscriptions with private clinics, meal vouchers, etc.

#### ***Employee benefits in Premier Energy Moldova***

In the normal course of business, the Group makes payments to the National House of Social Insurance and to the National Company of Health Insurance on behalf of its employees for pension, health care and unemployment benefits. All employees of the Group are members of the Moldovan State pension plan, which is a defined contributions plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior periods. In Moldova, the Group does not operate any other defined benefit plan or postretirement benefit plan.

Meal allowances, travel expenses and holiday allowances are also calculated in accordance with local legislation.

Employee benefits in Premier Energy Moldova include voluntary health care subscriptions with private clinics, life and accident insurance policies, etc.

#### **Property and equipment**

The Group's property, plant and equipment comprise the Group's electricity distribution network, the gas distribution network, the renewable electricity power plants, including plots of land pertaining to these renewable energy assets, other constructions for materials storage purposes, technical equipment, cars, furniture and office equipment as well as assets in the course of construction. As of 31 December 2023, the Group owned renewable energy assets with an aggregate production capacity of 73 MW. These renewable energy assets include wind and solar plants owned by Alive Capital, Alive Sun Power Two, Alive Sun Power One, Ecoenergia, Enex and Navitas, as well as a gas-to-power plant for balancing in the True Energy entity. Additionally, the Group had 18 MW of wind plants under a signed SPA to be acquired by Alive Wind Power One, which was completed with effect on 16 April 2024.

#### **Insurance**

##### ***Premier Energy Romania***

Premier Energy Romania has mandatory RCA Insurance provided by Omniasig and CASCO Insurance provided by Allianz Tiriac Unit (former Gothaer Group) in relation to his fleet of 152 cars. The Group's solar parks are insured by Unica Asigurari and the wind parks are insured by Omniasig Vienna Insurance



Group (Enex) and Gothaer (Ecoenergia), covering property insurance for both natural causes and equipment breakdown as well as business interruption covering energy produced, green certificates and civil liability.

#### **Premier Energy Moldova**

Premier Energy Moldova has various types of insurances in place spanning from property insurance to third party liability insurance, motor insurance and accident insurance for employees. All insurance policies are contracted with reputable insurance companies, such as Asterra Grup, Intact Asigurari Generale, Moldasig and General Asigurari.

Management believes that the level of insurance maintained by its operations is in accordance with local industry practice. See also "*RISK FACTORS- The Group's current insurance coverage may not be sufficient to cover all losses it may sustain*".

#### **Indebtedness**

Material credit facility agreements concluded by the companies in the Group at the date of the Prospectus are further detailed in Section "*Material Contracts – Loan Agreements*".

#### **Intellectual Property**

The "PREMIER ENERGY" trademark (registration number 136545/26.05.2015) was registered with OSIM for the Romanian territory by Ligatne S.R.L. and the trademark ownership has been updated to Premier Energy S.R.L. following the merger by absorption of Ligatne S.R.L. The figurative "P" trademark (registration number 194116/23.11.2023) and the figurative "P PREMIER ENERGY" trademark (registration number 193564/30.10.2023) were registered by Premier Energy SRL with OSIM, for the Romanian territory. The Group also owns and uses the following internet domain names in Romania: "berggaz.ro", "premierenergy.ro", "premierenergytrading.ro", "pchungary.hu", "ligatnegas.ro", "instalatiigaze-mm.ro", "progazpd.ro", "trueenergymanagement.ro" and "livecapital.ro".

In Moldova, the "PREMIER ENERGY" trademark (registration number 35218/06.11.2019) and the "Navitas" trademark (registration number 34266/06.11.2019) were registered by Joseco Holdings for the Moldovan territory. The Group also owns and uses the following internet domain names in Moldova: "premierenergydistribution.md", "premierenergydistribution.net", "premierenergydistribution.com", "ped.md", "premierenergy.md" and "navitas.md".

Within the territory of the European Union, the figurative "P" trademark (registration number 018856908/11.09.2023) and the figurative "P PREMIER ENERGY" trademark (registration number 018856900/11.09.2023) were registered by the Company with EUIPO.

The Group's management do not consider the Group's business to be materially dependent on any patents, designs or other copyright.

#### **IT platform and cyber security**

##### ***IT platform***

The Group has a large IT infrastructure and relies upon its IT systems to support and monitor its businesses. IT infrastructure is an important component of the Group's business, which exploits a number of software, hardware and network resources tailored to the specific requirements and complexity of its activities. All of the Group's systems are subject to security and quality control standards that are in line with industry practices.

#### **Premier Energy Romania**

In Romania, the Group has a "cloud first" policy for all technology decisions, subscribing to service providers for software, platform or infrastructure. Key Information Systems used by Premier Energy Romania include, among others, SAP ECC on Microsoft Azure (used for financial accounting, controlling, sales and distribution, plant maintenance etc), SAP IS/U on Microsoft Azure (used for client service, measuring consumption, billing and invoicing, collection, energy data management etc) and other Microsoft information systems.



#### *Premier Energy Moldova*

The Group owns an internal network of computers and servers, linking 22 work centres of the Group.

The data processing centre ("DPC") where servers and central network operate, is located in Premier Energy Moldova's headquarters in Chisinau. The connection between DPC and the branches is made through VLAN channels and access to DPC is secured and accessible only by authorised personnel.

Key Information Systems used by Premier Energy Moldova include, among others, SCADA (for remote monitoring and control of electrical installations) IGEA Installations Database (used for information of electrical installations), IMS (incident management system), Open Operations (used for real time graphical representation of networks), MMS (maintenance management system), CMS (client management system), PrimeRead (used for remote meter reading system), SAP System (used for the management of financial, purchasing and logistics activities) and other Microsoft information systems. The Group currently has a project underway for the modernisation of grid management systems, including outage management, facilities database and the management of grid development, renewal and maintenance works, which is planned to be completed in 2024.

The electricity distribution management systems is planned upgraded in 2024 by implementing Advanced Distribution Management Systems (the "ADMS"), which would allow more functionalities, including the introduction and management of low voltage networks (which are not maintained/supported by the current systems) and would solve several significant issues (such as stability in the operation of the systems, management of low voltage electricity networks, collection of accurate information on grid disconnections etc).

In order to improve the processes of field work management, IT applications have been developed while the field workers have been equipped with mobile tools for consulting, filling in and managing client's data in relation to work orders and inspection of installations or supervision of works. In addition, the international package SAP is the Enterprise Resource Planning platform, including the modules FI (Financials), CO (Controlling), MM (Materials), SD (for non-commercial Sales), AM (Assets) and HR (Human Resources).

With the application of AI-based algorithms, the Group carried out a pilot test aimed at improving the forecast of electricity consumption with the goal of reducing the financial consequences of imbalances as a result of the implementation of the Electricity Market Rules in 2022. The consumption forecasting pilot project has been successfully completed. The results were favourable and a collaboration contract was signed to provide this service for all three companies in Moldova.

#### *Cyber security*

The Group experienced no cyber security incidents since 2021 until the date of this Prospectus.

#### *Premier Energy Romania*

Premier Energy Romania has deployed numerous cloud-based solutions in order to enhance its overall cybersecurity posture such as Endpoint Manager, Defender for Endpoint, Defender for Servers, Cloud App Security, Defender for Cloud, Azure Arc (multi-cloud and on-premises management platform), Azure Sentinel (a security information event management (SIEM) and security orchestration automated response (SOAR) solution) and Azure Front Door (used to create fast, secure, and widely scalable web applications).

On top of the above stated cyber security solutions, a professional external IT and cyber security consultant is continuously monitoring the Group's IT network and is providing guidance on overall Group's IT systems and cyber security.

Furthermore, Premier Energy Romania's IT team has been continuously expanding its knowledge in the field of cyber security in order to be able to react to any potential security threats quickly and precisely. All Premier Energy Romania's IT team members hold Azure Security Engineer certifications.

Premier Energy Romania is also a registered essential services operator according to Directive (EU) 2016/1148 on security of network and information system (NIS Directive), while a detailed IT audit was performed in 2022/





#### *Premier Energy Moldova*

The Group has a security centre that operates 24 hours per day, 7 days per week. The security centre monitors all occurrences at strategic targets where security systems are in place. The security centre's employees manage analytical software, integrated with the relevant IT systems in place.

In recent years, the Group has implemented multiple cyber security measures in Moldova for protection against cybersecurity threats and malicious attacks, such as: SCADA isolation of the network segment of the current SCADA system Sinaut Spectrum v4.5, solutions for 2-factor authentication and implementation of Fortinet technologies (FortiGate 400, FortiNAC and FortiToken), as well as actions to prevent risks related to old domains in case of transition to new domains.

The Group has also implemented the following additional cyber security projects:

- Microsoft Enterprise Mobility and Security (EMS) E3 – an intelligent mobility management and security platform which helps to protect and secure the Group's systems and empowers all employees to work in modern and flexible ways; and
- Microsoft Azure Sentinel – a scalable, cloud-native, security information event management (SIEM) and security orchestration automated response (SOAR) solution. Azure Sentinel delivers intelligent security analytics and threat intelligence across the enterprise, providing a single solution for alert detection, threat visibility, proactive hunting and threat response.

Since EMMA Holding's ownership, the Group has not experienced any material IT cyber security incidents or threats in Romania or Moldova.

#### **Legal proceedings**

The Group is involved in various proceedings arising in the ordinary course of its business, both as plaintiff and as defendant. Other than as described below, the Group is not involved in, nor is aware of, any legal, arbitral or administrative proceedings or governmental investigations that could reasonably be expected to have a material adverse effect on its business, financial condition or results of operations. The Group has made provisions in relation to some of the below litigations.

##### ***Romania***

##### ***Azomures claim against Premier Energy SRL***

On 26 May 2022, Azomures has initiated legal proceedings against Premier Energy S.R.L., seeking damages totalling approximately RON 27 million, inclusive of penalties. The claim alleges Premier Energy's failure to fulfil the obligation to deliver the contracted natural gas quantity which resulted in financial losses for Azomures, as they had to procure gas from alternative suppliers at a higher cost.

In response, Premier Energy disputes the claim, contending that Azomures unjustly rejected their gas supply offer and actually agreed, by means of concluding an addendum to the gas supply agreement with Azomures, to a reduced gas quantity. A pivotal aspect of Premier Energy's defence is that even in case Azomures would have actually incurred financial losses, such losses could not have been directly triggered by Premier Energy, but would have been a consequence of the market conditions.

The court has approved the appointment of two experts proposed by Premier Energy, specialising in oil & gas and accounting. The accounting expert has confirmed that Premier Energy offered a lower price compared to what Azomures paid to other suppliers. The oil & gas expertise is currently pending and further hearings on the matter are expected to take place.

##### ***Moldova***

The Group is involved in proceedings as plaintiff against Moldcarton SA and Termocom SA related to outstanding payments in the amount of approximately MDL 98.9 million (including penalties) for energy supplied by the Group between 2001 and 2006. Both Moldcarton SA and Termocom SA are in insolvency proceedings and the Group believes it is unlikely to be able to recover the outstanding amounts.



Additionally, as of the date of this Prospectus, the Group is involved in several ongoing court proceedings both as plaintiff and defendant, which individually are not material for disclosure. As of 31 December 2023, the Group has made provisions in the aggregate amount of MDL 16 million in respect of such proceedings.

### **Business ethics and integrity**

The Group holds itself to the highest standards of integrity and compliance when carrying out business in the countries where it operates. Business ethics and integrity are part of the Group's corporate culture and play an irreplaceable role in its business activities.

#### ***Anti-Bribery and Corruption, Anti-Fraud and Compliance Policies***

The Group has policies in place to ensure compliance with laws and regulations on prevention of bribery, money-laundering and fraud. The Group strives to create a working environment where staff are encouraged to report incidents with the aim to strengthen transparency and overall compliance culture.

#### ***Business Ethics***

The Group has in place a Code of Business Conduct and Ethics, which aims to achieve that all employees behave ethically and act with integrity. The Code of Business Conduct and Ethics also lays down the ground for a culture of accountability and openness, which is essential to preventing potential wrongdoing and addressing such acts in a timely manner (should they occur). In addition, a whistleblowing policy is also part of the Code of Business Conduct and Ethics, encouraging employees to report any suspected wrongdoing and setting out mechanisms for the appropriate treatment of such incidents and for the protection of whistle-blowers.

#### ***Innovation, research and development***

The Group engages in a variety of research and development activities. These activities mainly involve the development of new products, services and solutions to meet clients' needs, improvement of existing products/services, and improvement and modernisation of processes to optimise its operations and decrease costs.

In order to improve quality indicators, optimise maintenance costs and protect the environment, the Group has implemented several technical measures for the construction and maintenance of existing assets: dry-insulated cables and conductors without the use of transformer oil, low-loss hermetic power transformers, polymer-insulated insulators, replacement of oil circuit breakers with vacuum or gas circuit breakers, replacement of cubicles in transformer stations applying compact Gas Insulated Switchgear (GIS) technology, compact overhead and prefabricated transformer substations, remote-controlled circuit breakers, digital relay protection, remote control of switchgear in substations, distribution substations but also transformer substations etc.

To ensure the adequate control of the level of energy losses, the Group takes actions (Loss Reduction Plan) on a yearly basis, particularly through new efficient investments to achieve the planned number of energy losses. Other actions taken also include: bringing metering equipment into compliance with the requirements of regulatory acts and regular metrological checks of metering equipment; organising anti-fraud campaigns to identify clients with unrecognised consumption; ensuring the integrity of metering equipment and blocking unauthorised access to electricity connections; implementing smart metering for clients with relevant consumption, etc.

With the application of AI-based algorithms, the Group carried out a pilot test aimed at improving the forecast of electricity consumption with the goal of reducing the financial consequences of imbalances as a result of the implementation of the Electricity Market Rules in 2022. The consumption forecasting pilot project has been successfully completed. The results were favourable and a collaboration contract was signed to provide this service for all three companies in Moldova.

In order to improve the processes of field work management, IT applications have been developed while the field workers have been equipped with mobile tools for consulting, filling in and managing client's data in relation to work orders, inspection of installations or supervision of works.





The Group is one of the fastest growing privately owned vertically integrated energy and power infrastructure companies in SEE at the epicentre of Europe's Green Deal, providing equal access and affordability of energy to all individuals across Romania and Moldova. The Group focuses its efforts to meet customers' requirements and to reduce the environmental impact, ensuring a clean environment for future generations and is at the forefront of solutions for the safest, cleanest and most renewable energy supply possible on the market. The Group is mindful of all Environmental, Social, and Governance challenges and is also committed to the highest European standards as the EU Taxonomy and the UN Sustainable Development Goals, the IFRS Foundation and other policies and EU level legislations. As an advocate of responsible energy generation, distribution and supply, environmental responsibilities, protection and reducing environmental impact play an integral role in the Group's ESG strategy.

Recently, sustainability reporting has been gaining a visible traction across the EU. Passed by the European Parliament and the EU Council in December 2022, the Corporate Sustainability Reporting Directive ("CSRD") requires a substantial number of companies to include a sustainability report in their annual reports as part of their financial statements. The CSRD aims to improve the sustainability reporting framework by improving the quality of available data to meet the needs of various stakeholders and help the EU become a more sustainable economy. The Group is aware of its responsibility towards a comprehensive CSRD reporting and aims to put all necessary means to comply with all CSRD requirements. Currently, the Group has been working on a key study to correctly identify the Group's carbon footprint while creating solutions to continuously improve such footprint.

The Group is committed to sustainability and publishes analysis of their business operation in accordance with the 2030 Sustainable Development Goals. The Group has been one of the regional leaders in the transition to green energy with a clear strategy to grow its renewable portfolio in line with sustainable growth and decarbonisation efforts. The Group is also committed to reducing carbon emissions to zero by 2045, in line with the "Business Ambition for 1.5°C" initiative.

Since 2013, the Group's business in Moldova publishes corporate social responsibility ("CSR") reports in accordance with the G3.1 and the G4 Sustainability Reporting Guidelines, including the supplement for utilities in the electrical field developed by the Global Reporting Initiative ("GRI"). Since 2017, the reports have been published without external verification, but maintain the same principles of presenting all key aspects of business activity in the economic, environmental, social, security and health fields, as well as in management.

Electricity losses and technological consumption of the Group in Moldova decreased from 32.3% in 2000 to 7.3% in 2023 (measured as a percentage of electricity entered into the distribution network). Given that the majority of the Group's GHG emissions in Moldova came from electricity network losses, the Group's environmental footprint has been decreasing significantly in the past two decades.

In Romania, heating using natural gas is a significantly cleaner option than heating by burning wood and coal, which were methods traditionally used in the past by the Group's rural and suburban clients. The Group is also focused on the quality of its pipelines and a vast majority of capital expenditure since EMMA Holding's ownership has been used for pipelines made with Polyethylene 100 material, which is compatible with a potential green hydrogen distribution in the future.

The Group is subject to numerous laws and regulations with respect to the protection of the environment (see "*Regulatory Matters - Environmental Regulations*"). These laws govern air emissions, wastewater discharges, the reclamation of contaminated soil, the use, handling and disposal of hazardous substances and wastes, and employee health and safety. With regard to environment pollution and damage, the Group has had a stellar track record with 0 incidents over the years of operations. In the case of enterprises in Moldova, the Company monitors the risks related to environment pollution and damage, such as cases of electrocution of birds from protected species and condition of power transformers.

In 2023, the Group established an NGO, Premier Energy Foundation, both in Romania and Moldova, to support children and teenagers from particularly vulnerable families to mainly support their health and primary care access, living conditions, education and sport activities. The Group engages in multiple CSR projects in Romania and Moldova, as described below in the Section "*Premier Energy ESG Working Group*". Furthermore, stakeholder involvement is crucial to ensure that the Group's activities are developed responsibly and coherently. By including social and environmental issues in the relations with stakeholders,



the Group aims not only to contribute to building a sustainable society and preserving the environment for future generations, but also to encourage others to contribute. In carrying out its business activities, the Group strives to take into account the interests of the stakeholders and to make decisions that meet their best interests.

The Group will no longer invest in fossil fuels, unless any future fossil fuel investment supports the existing natural gas, electricity and renewables businesses, and any potential expansion of the business is demonstrated to be in line and not contrary to the decarbonization plan as well as consistent with the applicable NECP and EU Regulation.

#### ***ESG and CSR guidelines and policies***

Sustainable business has always been one of the core principles of the Group's operations, while ESG principles provide a systematic framework through which the Group assesses, addresses, and proves its orientation towards sustainable business in a more precise and holistic way.

The Group implements the culture and practice of responsible and sustainable energy business supported by a set of internal policies approved by the Company's Board of Directors.

The objective of the Group's ESG policy is to provide a framework for the Group to implement sustainable business practices within the context of internationally recognised Environmental, Social and Governance principles. The Group's ESG policy represents an integral part of the Group's regulation baseline mainly laid down by the following documents:

- Premier Energy Code of Business Conduct and Ethics
- Premier Energy Anti-Bribery and Anti-Corruption Policy
- Premier Energy Antifraud Policy
- Premier Energy Anti-Money Laundering and Counter Terrorist Financing Policy

Furthermore, ESG practices relate to the Group's business and employees as well as its impact on the local communities in which the Group operates. The core ESG practices for the Group are:

- Environmental Responsibilities (carbon footprint reduction, focusing on renewables, tackling climate change, protecting local ecosystems, reducing environmental impact, etc.);
- Responsible Energy Generation, Distribution and Supply (equal access to affordable, safe, and clean energy to all individuals across its markets of operation); and
- Fair treatment of the Group's employees, diversity and inclusion.

The Group's ESG practices closely relate to corporate ethics, diversity, environmental aspects, climate change, carbon operational neutrality, responsible energy generation, distribution and supply, sustainability governance, risk management policies, digital transformation, data protection, cybersecurity, gender equality, safe and equal working environment for all, sustainable finance tools and other factors.

The Group's ESG Practices also include activities purposed to make a constructive contribution to the well-being of society beyond the Group, that fall outside the bounds of immediate commercial activities and are independent of its commercial goals.

Management believes that traditional CSR should be converted from mere incidental corporate donations and one-time events into more systematic efforts, using innovative methods and utilising various resources of the Group to create a lasting shared value and integrating the Group closer into the community. Such community development practices may include, for example: knowledge-sharing to support schools, universities or small businesses; promoting entrepreneurship in communities; funding research into financial education and awareness; raising money among or with the help of the Group's employees or supporting employees' volunteering.



### ***Staff Engagement and Volunteering***

Management believes that staff engagement is an important way of fostering solidarity and sustainable values among the Group's employees and should be encouraged.

The Group aims to institute a framework that allows its employees to contribute their professional skills or their time to CSR and community development initiatives. To enable this, the Group considers releasing a certain number of working hours per month or year from normal working assignments, so that employees can dedicate such time to an approved community development activity either within the Group or as volunteers for a partner organisation.

Other forms of engagement that the Group considers include: employee rewards for contributing ideas for new projects and putting up prospective initiatives, matching staff donations or supporting employees' engagement in any other way. For example, the Group's "careers project" aims to train leaders and encourage them to implement innovative ideas within the Group.

### ***Efficiency and Systematic Approach***

The Group aims to make the best use of resources in order to achieve maximum effect of its projects while maximising the benefit to beneficiaries. This principle applies not only to funds allocated for such activities but also to resource management or other use of the Group's infrastructure.

In order to achieve a substantial impact to communities, the Group aims to focus its efforts in a systematic way, gradually developing best practice and making innovations. The overall number of core themes should be limited to a small number of focus areas so that the resource allocation is not overstretched.

### ***Reducing the environmental impact***

The Group conducts business in a world where environmental challenges and related issues are growing. Risks related to rapid climate change, overexploitation of natural resources, local ecosystems loss, fresh water sources contamination and heavy air pollution are the major concerns for the Group as a whole. There is an urgent need to reduce and minimise negative environmental impacts by creating a lower-carbon, more decentralised, more efficient, and more sustainable energy systems. The Group recognises that Climate Change is occurring, and acknowledges the scientific consensus, led by the Intergovernmental Panel on Climate Change, that greenhouse gases emitted by human activities are the primary driver. The Group is also committed to the European Green Deal and U.N Sustainable Development goals. The Group is committed to act responsibly and sustainably to correctly identify and tackle its impacts on the environment and local ecosystems and implement concrete action plans to minimise these negative impacts and at the end, bring a positive change into today's challenging world.

### ***Limiting the Group's carbon footprint***

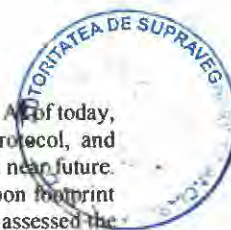
The Group aims to avoid, or where unavoidable, minimise or mitigate air emissions, water, energy, and raw materials usage, and to safely treat, store, transport, use, and discharge or dispose of waste, subject to local specifics and laws. The Group minimises massive deforestation and wood burning in areas of operation by replacing its clients' wood burning heat with cleaner gas heating.

Furthermore, the Group benefits from its renewable energy assets, which significantly limit the need for coal-fired power plants, while enabling instant increase of electricity generation for the grid when needed. In addition, the Group benefits from a strong support for regional net zero and energy transition targets that will facilitate the reduction of oil, coal and wood burning and introduce the green hydrogen.

### ***Impact on environment***

The Group is determined to operate responsibly to protect the environment across its markets. In more detail, this means carefully considering the potential impact of the Group's activities and how local communities and the environment can be affected before, during, and at the end of its business operations. The Group follows environmental norms and standards for managing emissions, use of fresh water, waste management, and reducing energy use within its operations. The Group conducts detailed assessments and monitoring reports on potential environmental, health, safety, and social impacts across all business sectors.





The Group is in the process of finalizing the assessment for the organizational carbon footprint. As of today, the Group is calculating scope 1 and scope 2 GHG emissions in line with the GHG Protocol, and consistently with the Net Zero strategy, scope 3 GHG emissions will be accounted for in the near future. On top of organizational level carbon footprint assessment, the Group is also working on carbon footprint assessment at product/service level. As of the date of this Prospectus, the Group has partially assessed the product carbon footprint for products in relation to the renewable energy.

#### *Reducing deforestation and CO2 emission*

The Group has been building new gas concessions and networks in areas where wood used to be the primary source of household heating, which led to the decrease of deforestation in the respective areas and provided a more sustainable energy alternative for local citizens.

#### *Gas Leakage prevention and loss control*

Transportation and storage of dangerous, flammable gases can pose a risk to both the environment and people safety. The Group is aware of potential gas leakages and has implemented several control processes to quickly detect and react to any leakages in the Group's systems. The Group reduces energy and gas supply losses using various measurements, including the utilisation of a new software and improved processes to leakage identification. The Group's gas losses decreased from 3.75% in 2021 to 2.43% in 2023. The Group is currently strengthening the power infrastructure and green-gas ready pipelines.

#### *Biodiversity*

The Group strives to avoid and respond to any potential impacts from its business activities in relation to local biodiversity and ecosystems. The Group always aims to minimise its impact on the environment as much as possible. As such, if complete avoidance of environmental impact is not within the Group's control, the Group will always aim to minimise its impact and will help to restore the affected areas and vegetation.

#### *Water Use and recycling*

The Group conducts water risk assessments and analyses all potential impacts on water sources across all business activities including building new energy projects. In the longer term, the Group will work with institutions and other professionals to develop technologies to reuse or recycle water from the Group's activities. The Group focuses on responsible and efficient use of fresh water by all staff at the Group's facilities, while protecting all water sources that could be affected by the Group's operations.

#### *Further Initiatives*

The Group departments are encouraged to come up with further initiatives for environmental protection, such as facilitating electronic waste collection for further use or recycling in cooperation with partners or motivating staff members to volunteer in green activities, etc.

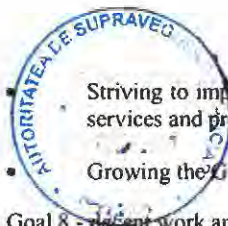
In addition, the Group focuses on paperless operation, mainly through digitisation.

#### *Group Sustainable Development Goals*

The UN's 17 Sustainable Development Goals were created to address the biggest challenges the world is currently facing, including affordable energy, improving health and education, making life on land sustainable, and tackling climate change. Governments are responsible for prioritising and implementing approaches that meet the UN's sustainable development goals but achieving these tasks will require unprecedented collaboration from everyone.

While all the UN's Sustainable Development Goals are relevant to the Group, the Group will focus its main contribution on three Goals:

- Goal 7 - ensure access to affordable, reliable, sustainable, and modern energy
  - Providing safe, affordable, reliable and the maximum amount of clean energy to communities across Romania and the Republic Moldova



Striving to improve the energy efficiency of the Group's facilities and to offer customer services and products that support efficiency and sustainability

- Growing the Group's business with investments into green energy assets

➤ Goal 8 - decent work and economic growth

- Respecting human rights, committing for diversity and inclusion
- Creating jobs and providing equal opportunities for all applicants, in career development, education, training, and benefits
- All Group's staff members work voluntarily, and are free to terminate their employment, subject to local labour laws and contract
- Providing safe working conditions in a safe and healthy working environment
- Paying taxes in countries of operation

➤ Goal 13 - climate action

- Adhere to the highest environmental and ecological standards
- Fully supporting the Paris Agreement and the goal to limit the average rise in global temperature
- Support and work with governments to create and implement policies aimed at reducing greenhouse gas emissions in line with the Paris agreement
- Commitment to reducing carbon emissions to zero by 2045, in line with the "Business Ambition for 1.5°C" initiative
- Currently, the Group has been working on a key study to correctly identify the Group's carbon footprint while creating solutions for continuously improving such footprint.

*No poverty*

The Group ensures access to reliable energy, creates jobs for people in Romania and Moldova and pays taxes that enable economic and social development. The Group also strives to work with social partners and co-invest in social programmes to help improve communities' lives.

In addition, the Group has put in place Premier Energy Social Hardship Program to support disadvantaged clients.

*Quality Education*

The Group supports sustainable energy literacy and brings energy-related programmes to schools. At the same time, the Group invests in training for its employees to fully develop their skills and knowledge required to safely work in the energy sector.

*Gender Equality*

The Group allows no form of discrimination of its employees or applicants based on race, sexual orientation, gender identity, colour, age, ethnicity, or any other characteristic protected by the law. The Group continuously monitors staff diversity, gender balance, and women's engagement.

Furthermore, the Group has no tolerance for any form of workplace harassment, abuse, or biased treatment.



## ***Governance***

### ***Diversity and Inclusion***

The Group's priority is to create a working environment where all employees are treated with dignity and respect to individual differences. The Group does not tolerate any form of discrimination based on age, nationality, ethnic origin, sexual orientation, gender identity or expression, religion, marital status or disability, as well as any other form of unfair or unlawful discrimination.

The Group fully supports a culture of diversity and inclusion. Its culture is based on respect to its employees and clients, as well as to the communities where it operates.

Management believes that attention and respect for cultural and other differences is one of the keys to the Group's success.

### ***Fair Treatment of Staff***

Respecting the rights of the Group's employees is very important to the Group. The Group protects its employees' rights presented below and takes into consideration to what extent its partners and suppliers also protect such rights and principles.

### ***Child Labour Avoidance***

The Group only employs individuals who meet the applicable legal minimum age requirement and comply with all other applicable local labour laws.

### ***Prohibition of Forced Labour***

The Group avoids any form of forced labour. All staff members work voluntarily and are free to terminate their employment, subject to local labour laws and contract. The Group respects human rights, including the right to freedom of movement.

### ***Freedom of Association***

The Group allows its employees to freely associate among themselves and provides a mechanism for open communication between the Group's management and employees.

### ***Non-discrimination***

The Group does not allow any form of discrimination of its employees or applicants based on race, sexual orientation, gender identity, colour, age, ethnicity, actual or perceived adherence to a religion or any other characteristic protected by law.

The Group has no tolerance for any form of workplace harassment, abuse or biased treatment.

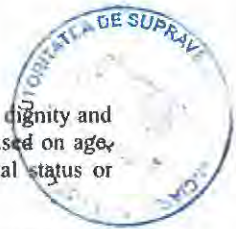
### ***Safe and Healthy Working Environment***

The Group provides a safe, hygienic, and healthy working environment and identifies, evaluates and controls employees' exposure to health and safety hazards.

### ***Professional Equality***

The Group follows the European Agreement on professional equality between women and men, the fight against discrimination and violence and the prevention of sexual harassment. Gender equality is a key component of social responsibility, and the empowerment of women and their equality in society is underlined in ISO 26000. This standard aims to eliminate bias and promote parity through recommending that companies have a balanced mix of men and women in governing bodies and management, ensure both sexes are treated equally when it comes to recruitment, career opportunities and pay, and make sure the needs of men and women are given equal consideration in company decisions.

The Group is committed to develop in-house awareness campaigns to combat sexism and to take all necessary measures to prevent incidents of sexual harassment.





### ***Labour and working conditions***

All workers are provided with written information about their terms and conditions of employment in a language they understand.

The Group has a grievance mechanism that allows workers to raise all workplace concerns. Employees can submit complaints through their Group's mailbox or by a written form, either to their direct manager or HR manager. Complaints are analysed by the Group in accordance with the legal provisions and are dealt with in a specific, individual, and timely manner.

Reports will be treated confidentially save to the extent required for the protection of employee's rights and justifiable interests. The Group will not discharge, demote, suspend, threaten, harass or in any manner discriminate against any staff member in the terms and conditions of employment.

The Group hopes that its staff will feel to voice any concerns openly under the Group's Code of Business Conduct and Ethics Policy. However, if the worker wants to raise her/his concern confidentially, the Group's Head of Legal will make every effort to keep her/his identity secret. If it is necessary for anyone investigating the staff concern to know her/his identity, the Group's Head of Legal will discuss this with the staff member.

However, the Group does not encourage its employees to make disclosures anonymously. Proper investigation may be more difficult or impossible if further information from the employee cannot be obtained. It is also more difficult to establish whether any allegations are credible and have been made in good faith. The employee who is concerned about possible reprisals if her/his identity is revealed, should come forward to the Group's Head of Legal and appropriate measures can then be taken to preserve confidentiality.

Disclosure to parties in relation to whom concerns have arisen from the fact of a report and internal investigation may, in certain circumstances, involve suspicions of money laundering, result in a tipping off offence being committed and should not be made without the permission of the Group CLO.

### ***Non-discrimination and equal opportunities in employment***

Policies regarding equal opportunities, fair treatment, access to training and development, and related issues are part of the Group's ESG policy. The Group has a strict focus on hiring practices to ensure that diversity is embraced but equal opportunities are offered to all employees.

A critical aspect to building the right culture is addressing unconscious bias in the workplace, which is an area where we continue to focus. The HR Team is regularly trained regarding unconscious bias (recruiting, equal opportunities, access to all resources, performance review, overall communication and prevention of discriminatory behaviours).

The Group is committed to sign European Agreement for an indefinite period on professional equality between women and men, the fight against discrimination and violence, and the prevention of sexual harassment.

### ***Environmental and social investments plan***

The main investment activities are related to the renovation, rehabilitation and construction of the Group's gas and electricity networks and installations, using current technologies, which includes:

- Replacement of medium and high voltage oil switchgear with modern technologies that increase reliability and minimise environmental damage
- Usage of medium voltage transformers and distribution stations with prefabricated equipment
- All new installed natural gas pipes composed of Polyethylene 100 material to support potential green hydrogen distribution in the future
- Implementation of new protection and control equipment with a higher reliability
- Continued investing in environmental / ESG initiatives.





### ***Impact assessment***

The Group conducts impact assessment on the environment and local ecosystems when it builds new gas or electricity lines as well as new renewable energy assets. The Group cooperates with relevant authorities to comply with all applicable laws and regulations.

### ***Staying up to date Environmental and social matters***

Relevant staff members are responsible to keep abreast of changes in national legislation, regulations, and standards by constantly monitoring relevant sources and communicating with relevant individuals within or outside of the Group. The Group also works with several advisors who also keep track of any changes to the legislation, regulations, and standards. The Group also organises trainings and awareness campaigns regarding environmental and social issues.

### ***External experts and partners for social and environmental issues***

The Group has signed several memoranda of understanding ("MoU"), such as the: MoU with United Nations Population Fund (UNFPA) to promote the policies of family-friendly working conditions; MoU with the UN Women Moldova to promote the values and principles of non-violence, ensuring professional equality between women and men and condemning any manifestation of sexual harassment, discrimination and / or violence; and MoU with UNICEF Moldova and The Ministry of Health, for promoting the health recommendations in the context of the pandemic.

Moreover, the Group has established a strong relationship with local offices of UN and UNICEF while together providing a systematic change to the society as a whole.

### ***Supply chain management***

The Group regularly assesses risks of poor environmental, health and safety and labour performance in its primary suppliers of goods and materials. The compliance with the environmental, health, safety and labour standards and the Group's requirements are verified as part of the supplier approval process based on the Group's approval specifications and regularly checked. Under the approval procedures, suppliers are approved for the specific type of service / work or material. In addition, any deviation from the requirements for compliance with environmental, occupational health and safety regulations is notified via an internal platform(s) and terms of remediation are established with a subsequent check to remove the notified non-conformities.

### ***Monitoring and reporting***

The Group monitors performance on environment, quality and health and safety issues. The results of the monitoring are reflected in the annual Management Review Report on Quality, Environmental and Occupational Health and Safety Management Systems and in the regular ESG updates / presentations. The majority of the Group's operations have been certified according to the ISO9001, ISO14001 and ISO45001 standards.

### ***Compliance monitoring at the Group's facilities***

The Group's relevant staff members (typically directors / heads of each division) supervise the compliance by their subordinates. Additionally, the Group organises regular meetings and safety training days.

### ***Resource Efficiency and Pollution Prevention and Control***

#### ***Environmental compliance***

The Group and its subsidiaries have the required environmental permits and licenses to operate. The Group monitors compliance at its facilities and subsidiaries with all relevant national environmental laws, and organisational policies and standards. The Group carries out regular checks in its workplaces to ensure compliance with all environmental requirements.

The Group received more than 5 inspections from environmental authorities in the past three years. None of the inspection have resulted in any penalties, fines, major recommendations or corrective action plans. Moreover, the Group has not recorded any environmental incidents or accidents, such as spills, tank



captures, or explosions. The Group has an approved documented procedure on how to report and investigate accidents and incidents. In case of an occurrence, actions regarding the investigation and reporting processes are established, following the analysis of the consequences. Then, the Group establishes a set of corrective actions and improvements, while these actions are taken care of within a set time frame. At the end, the occurrence and they possible ways to avoid it (if applicable) are communicated with the employees and/or external communities.

#### ***Health, safety and security***

The Group recorded an incident in 2023 involving a third-party contractor working for I.C.S. Premier Energy Distribution S.A., which resulted in a fatal accident due to the contractor's incompliance with the safety requirements. No wrongdoing on the part of the Group was identified.

The Group recorded an incident in 2022 resulting in the death of an employee of the Group in Moldova. The findings confirmed that the Group did not violate the rules on labour protection and that the accident was due to the non-observance by the injured person of the elementary rules of labour protection.

#### ***Potential health and safety risks assessment and identification***

##### **a. Moldova:**

The IL.565.DE instruction on the methodology of occupational risk assessment is approved within the Group. According to IL.565.DE occupational risks are assessed by work centres, work areas, work sections and activities. Occupational risks that are assessed are made known to all workers during regular occupational safety and health training. At the same time, the occupational risks that have been assessed are required to be reviewed in case of accidents / incidents and at least every 5 years if there are no unforeseen situations. Each employee is subject to periodic medical check-ups depending on the risk factors to which he / she is exposed during the performance of his / her duties according to Government Decision No. 1025 as of 07.09.2016 Health Regulation on health supervision of persons exposed to the action of occupational risk factors.

Accidents and incidents occurring on the territory and facilities of the Group are investigated according to the procedure NM.002.DE Accident and incident notification, investigation and follow-up process. Serious and fatal accidents are investigated by the competent authorities of Moldova. All accidents are recorded in the register of occupational accidents / illnesses (poisonings). Statistics of accidents and incidents are stored and made known to all workers during regular occupational safety and health training.

##### **b. Romania:**

The Group has the following procedures in place: (i) Environmental and health procedure - security SM-08 - Emergency situations and response capacity; (ii) Procedure SM-12 - Identification of injury and illness hazards, risk assessment - procedure of the National Research and Development Institute for Labour Protection; and (iii) Procedure SM-15 - Investigation of work incidents according to Law 319/2006 - occupational safety and health and GD 1425/2006 with subsequent amendments - application norms of Law 319/2006.

The occupational health and safety service carries out checks on workplaces to determine whether employees comply with all legal health and safety requirements.

#### ***Premier Energy ESG Working Group***

As a responsible energy generation, distribution and supply provider with equal access and affordability at all times to all individuals, the Group has sustainability deeply ingrained in its structure. In order to ensure that ESG strategy is executed properly, the Group has established an ESG Working Group, having the main role of implementing the ESG priorities and long-term commitments defined and overseen at Board of Directors level.

The Group's ESG Working Group was established by the Group's CEO and is chaired by the Company's Chief External Affairs Officer. In case the Company's Chief External Affairs Officer is not present, the ESG Working Group meeting is chaired by its vice chairman, who is the Company's Chief Legal Officer.



Premier Energy ESG Working Group consists of:

- the Company's Chief External Affairs Officer - Chairman of the Working Group.
- the Company's Chief Legal Officer - Vice Chairman of the Working Group.
- Head of Legal for Romania.
- Head of Legal for Moldova.
- the Group's Head of HR.
- the Group's Head of Funding and Investor Relations.



Members may be added or removed if deemed appropriate by the Company's Director. The ESG Working Group meets at least on a quarterly basis.

With a strong focus and commitment towards ESG goals and alignment with the European Green Deal initiative, the ESG Working Group has been focused on the development and implementation of the Group's Renewables Plan (including acquisitions and investments in the renewable energy sector), the completion of the recent wind plants acquisitions by the Group and on monitoring the main ESG / CSR achievements in both Romania and Moldova.

The ESG Working Group together with other key Group's employees has obtained additional significant achievements in recent years out of which the key ESG/CSR initiatives included:

- implementation of a waste management programme at Premier Energy Romania's headquarter;
- connection and reconnection works for socially vulnerable families;
- continuing promotion of European values and culture at several social events;
- training programmes for students, engineering staff and providing continuing support of university projects of young people;
- supporting local schools in Romania through the renovation of their buildings and the implementation of improved insulation systems to save energy and make building more energy efficient.
- charity activities and donations for several causes (donation of medical equipment and items necessary for public health services, donation of a new Petrof concert piano for Philharmonic House in Chisinau following the devastating fire on 24 September 2021, etc.)
- public campaigns of tree planting and sanitation in Romania and Moldova;
- charity campaigns for children from vulnerable families and providing scholarship programmes for students with excellent academic results, but with limited financial resources;
- organising several social events and educational projects for children (in schools, summer camps, rural areas etc);
- concluding the public-private partnership with Chisinau City Hall and UNICEF Moldova on electrical safety – promotion of electrical safety through video spots in the public transport;
- signing several MoUs supporting certain causes (e.g. MoU with United Nations Population Fund (UNFPA) to promote the policies of family-friendly working conditions; MoU with the UN Women Moldova to promote the values and principles of non-violence, ensuring professional equality between women and men and condemning any manifestation of sexual harassment, discrimination and / or violence; MoU with UNICEF Moldova and The Ministry of Health in Moldova for promoting the health recommendations in the context of the pandemic, etc.);
- demonstrating organic growth, specifically, natural gas replacing coal;



achieving the number one position as a renewable energy balancing company in Romania with close to 13,000 MW primarily under management;

becoming one of the few companies that achieved this level of vertical integration in the renewable energy area;

- establishing Premier Energy Foundation in Moldova and Romania, which in 2023 supported together more than 10,000 children and teens from both countries, covering their needs in the social, medical and educational fields;
- supporting the National Robotics Team of Moldova, which has participated at the World Robotics Olympiad in Singapore in 2023 (First Global Challenge) and won 2 medals: the Gold Medal for Innovation and Engineering and the Silver Medal for the innovation project at the World Olympiad First Global Challenge 2023;
- supporting the national competition First Lego League, attended by over 500 students and 90 coaches, representing 58 robotics teams from Moldova, who accepted the challenge of building creative solutions to revolutionise the energy future. The Group's 3 employees have participated as mentors in the competition;
- supporting Startup Moldova projects (2022, 2023) and the event "Energy Tech Forum - Powering Moldova";
- involvement of the Group's employees in the volunteering project "A safety holiday" regarding the promotion of electrical safety for children in schools and summer camps. In the period 2021 -2023, more than 5,300 children were trained;
- supporting of talented young people: Moldovan National Youth Orchestra, Voices project;
- energy efficiency promotion campaigns in collaboration with UNDP Moldova, Agency for Energy Efficiency;
- promoting electronic invoicing;
- holding the European Business Association's Presidency in 2022 and 2023; and
- serving as founding member and president of Green City Lab.



## 15. BOARD AND MANAGEMENT

### Board of Directors

The Company's board of directors (the "**Board of Directors**"), following the Admission, will consist of 5 (five) members. The members of the Board of Directors (the "**Directors**") are appointed by ordinary resolution of the general meeting of shareholders and may, subject to compliance with Cypriot Companies Law procedural requirements, be removed by ordinary resolution of the general meeting of shareholders. The Board of Directors may appoint one or more persons as a member of the Board of Directors, either to fill a vacancy, or as an extra member, and any such person so appointed holds office as a member of the Board of Directors only until the next following annual general meeting of the Company, at which time they must retire but may be reappointed by ordinary resolution of the general meeting of shareholders. The Board of Directors may appoint one of its members as the chairperson of the Board of Directors and may at any time remove him or her from that office. The Board of Directors may exercise all the powers of the Company that are not required by the Cypriot Companies Law or by the Articles of Association to be exercised in a general meeting of shareholders, as described below in the section "*Description Of Share Capital And Corporate Structure - Corporate Structure-The Board of Directors*").

The Company intends to follow the recommendations set forth in the Bucharest Stock Exchange Corporate Governance Code (the "**BSE Corporate Governance Code**") following the admission of the Shares to trading on the Bucharest Stock Exchange. Companies admitted to trading on the regulated market of the Bucharest Stock Exchange adopt and comply with the principles and recommendations of the BSE Corporate Governance Code on a voluntary basis but must notify the BSE in case they fail to observe any provision of the BSE Corporate Governance Code. The principles and recommendations address share and other financial instruments holders' rights, the roles and duties of the Board of Directors and the composition of the Board of Directors.

Following the Admission, the members of the Board of Directors are the following:

| Name                                                 | Date of birth | Position | Date of expiration of their mandate | The period during which the person served in the current position/ office |
|------------------------------------------------------|---------------|----------|-------------------------------------|---------------------------------------------------------------------------|
| José Martin Garza .....                              | 1967          | Chairman | 2027                                | n.a                                                                       |
| Petr Stohr .....                                     | 1975          | Member   | 2027                                | 2021                                                                      |
| Demetra Kalogerou ( <i>independent member</i> )..... | 1969          | Member   | 2027                                | n.a                                                                       |
| Radka Blazkova .....                                 | 1974          | Member   | 2027                                | 2013                                                                      |
| Mirela Covasa ( <i>independent member</i> ).....     | 1982          | Member   | 2027                                | n.a.                                                                      |

Except as disclosed in "*Board And Management - Other positions held by the members of the Board of Directors and by members of the Key management of the Group*", the members of the Board of Directors do not perform any principal activities outside the Company which are significant to the Company.

The place of work of the Board of Directors is at the Company's headquarters.

The Company is committed that its Board of Directors will have a majority of independent members in accordance with the BSE Corporate Governance Code within a year from the date of this Prospectus. For this purpose, in addition to the Directors listed above, the Company identified a potential candidate who intends to join the Board of Directors as an independent member in the first quarter of 2025.

#### *José Martin Garza*

Mr. Garza started his career in the investment banking sector, working for Merrill Lynch and then Salomon Brothers, where he focused on European Mergers & Acquisitions. During his 16-year career, he has worked on a very broad range of public and private market transactions, including several high-profile ones, and worked his way up to the position of Managing Director M&A of Salomon Brothers for CEEMA. In 2008 he moved to Prague, where he became Head of M&A for the PPF Group. In EMMA group, which he joined in 2012, he was Investment Director and Country Manager for Greece and Romania. From this position, he originated all Greek, Romanian and Moldavian acquisitions and their subsequent management. He is currently the CEO of the Premier Energy group. In 2021, he became a partner of EMMA Capital. Mr. Garza



holds Bachelor and Master degrees in Economics from the University of Chicago where he also gained his MBA at the university's Graduate School of Business.

*Petr Stohr*

Mr. Stohr started his career with Arthur Andersen and Salomon Smith Barney / Citigroup followed by work as an investment associate with Citigroup Private Equity in New York. In 2004, he joined Republic Financial Corporation to become a founding member of its private equity division in Denver, Colorado. In 2007, he was recruited back to Citigroup Private Equity, this time in the newly-formed London office, where he eventually became a Vice President and a key member of an investment team responsible for managing a global private equity and direct investments portfolio of over USD 10 billion. In 2010, when Citigroup divested from Citigroup Private Equity, he accepted an offer to join PPF Group in Prague, moving to EMMA Capital as the Director of M&A in 2013 and becoming a partner in 2016. From 2016 to 2020 he held the role of Chief Financial Officer of SAZKA Group (now Allwyn), one of the world's largest and fastest growing lottery companies, where he was part of a management team that acquired multiple lottery companies and led over €3 billion of financings, including the group's inaugural €300 million Eurobond indentures, inaugural CZK 6 billion retail bonds traded on the Prague Stock Exchange and many multinational bank financings. While he has been involved with the Premier Energy Group since 2011, he became a Board Member in 2021 and the Chief Financial Officer in 2022. Mr. Stohr holds MBAs from London Business School and Columbia Business School alongside a Bachelor of Science degree from the University of Colorado at Boulder. He is a (non-practicing) certified public accountant.

*Demetra Kalogerou*

From September 2011 to September 2021 Mrs. Kalogerou was the Chairwoman of CySEC the independent public supervisory authority responsible for the supervision of the capital markets, the investment services market, the Fund industry, the administrative services as well as Crypto Exchanges in Cyprus. During the same period, she participated in the board of supervisors of ESMA. From November 2012 until February 2021, she also served as a board member of the CyPAOB, which has been established for the oversight of auditors and audit firms.

Furthermore, from November 2019 until June 2021 Mrs. Kalogerou chaired the ad-hoc tripartite committee and she was also a member of the four-party committee concerning the investigation of the naturalization of all persons done through the CIP. Additionally, from September 2013 until June 2014, Mrs. Kalogerou has been a member of the Resolution Authority in Cyprus. Mrs. Kalogerou previously held the position of a Senior Officer of the CSE and has several years of experience in the financial sector and investors' protection.

*Mirela Covasa*

Mrs. Covasa is the former CFO and Board Member of NEPI Rockcastle with more than 19 years' experience. Before NEPI Rockcastle, she worked for PwC as an auditor for approximately 10 years and has been coordinating audits for companies spanning across numerous industries with a particular focus on the real estate, energy, and retail industry. Mrs. Covasa graduated from Bucharest Academy of Economic Studies and is a fellow member of ACCA (Association of Chartered Certified Accountants). She is also a Certified Financial Auditor (CAFR).

*Radka Blazkova*

Mrs. Blazkova led the finance and accounting department of TV NOVA for 12 years. Between 2010 and 2012, she served as CFO of the production company TV NOVA - Media Pro Pictures. In EMMA Group, she has been working as CFO and a member of the statutory bodies since the very first day of joining the EMMA Group. Before joining TV NOVA, she worked as an auditor for Deloitte.

## **Management**



The Company's key management is comprised of the following members:



| Name              | Date of birth | Position | Date of expiration of their mandate | The period during which the person served in the current position/office |
|-------------------|---------------|----------|-------------------------------------|--------------------------------------------------------------------------|
| José Martin Garza | 1967          | CEO      | 2028                                | n.a. <sup>(18)</sup>                                                     |
| Petr Stohr        | 1975          | CFO      | 2028                                | 2021                                                                     |

<sup>(18)</sup> Mr. Garza has been the CEO of Premier Energy S.R.L. since 2014.

Mr. José Martin Garza will be appointed as CEO of the Company and delegated the management powers effective the date of the Admission.

The CEO is in charge of the Company's day to day management within the limits of the Company's business object and upon the observance of the exclusive competencies reserved by applicable law or by the Articles of Association to the Board of Directors or to the general meeting of shareholders.

For details regarding the experience of Mr. Petr Stohr and Mr. José Martin Garza, please see "*Board And Management - Board of Directors*".

Except as disclosed in "*Board And Management - Other positions held by the members of the Board of Directors and by members of the Key management of the Group*", the managers of the Company do not perform any principal activities outside the Company which are significant to the Company.

The place of work of the managers of the Company is at the Company's headquarters.

#### **Other key management of the Group**

##### *Giacomo Billi*

Mr. Billi is Head of Renewables Division and the Founder and CEO of Alive Capital S.A.

Mr. Billi began his career in London in a managerial position at London Metal Exchange before moving to Milan, working as an asset manager for several investment funds active in the real estate sector, including Deutsche Bank Group and Synergo Venture Capital. His experiences pushed him to develop several business lines in Italy and Eastern Europe, focusing especially on Renewable Energy. He has 20 years of experience in the energy industry.

He holds a Bachelor's degree in Finance and Banking from Libera Università Maria Ss. Assunta in Rome and a Master degree in Business Administration (MBA) from Luiss Business School – Università Luiss "Guido Carli".

##### *Jose Luis Gómez Pascual*

Mr. Gómez Pascual is the Country manager in Premier Energy Moldova with management responsibilities for all of the Group entities in Moldova. He has been with Premier Energy Moldova since its incorporation in 2019. Prior to this position, Mr. Gómez Pascual worked as a Country manager in Gas Natural Fenosa Group (Naturgy) in the Republic of Moldova from 2010 until July 2019. Earlier in his career, Mr. Gómez Pascual was part of Gas Natural Fenosa Group (Naturgy) in Nicaragua, Mexico, Dominican Republic, and Philippines holding various management positions. He began his professional career in Accenture Spain. In total, he has 30 years of experience in the energy industry. Mr. Gómez Pascual graduated from Universidad Pontificia Comillas (Madrid, Spain), holding a degree in Economy and Business administration. He also holds a degree in Law from Universidad Nacional de Educación a Distancia. After obtaining his two degrees, he was then awarded International Executive MBA from the University of Chicago.



Mr. Cazan is the Head of the Gas department in Premier Energy Romania. Prior to his current position, he worked in Premier Energy Romania as a Project Manager. Earlier in his professional career, Mr. Cazan held various positions in SIVECO Romania from February 2004 until November 2009.

Mr. Cazan graduated from "Dimitrie Cantemir" University of Bucharest, holding a degree in Finance, Banking and Accountancy. He is also a Certified Project Manager (CODECS Romania).

**Other positions held by the members of the Board of Directors and by members of the Key management of the Group:**

In addition to their positions with the Company, the Company's Directors and members of the Key management, or have held within the past five years, the following positions:

| Name              | Current directorships / partnerships                                                                                                                                                                                                                                                                                                                                | Past directorships / partnerships                                                                                                                                                                                                                                                                                                                                                                                            |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| José Martin Garza | -                                                                                                                                                                                                                                                                                                                                                                   | -                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Petr Stohr        | GTB Global Buiness S.A. (Board Member)<br>Dandelion Healthcare, a.s. (Board Member)<br>Rixo a.s. (Member of the Supervisory Board)<br>Emma Gamma Finance, a.s. (Member of the Supervisory Board)<br>Emerging Markets Capital, a.s. (Partner, Investment Director)                                                                                                   | Europe IVF International s.r.o. (Board Member)<br>Emma Omega Finance, a.s. (Board Member)<br>Sazka Group Financing, a.s. (Board Member)<br>IGH Financing a.s. (Board Member)<br>Austrian Gaming Holding a.s. (Board Member)<br>Italian Gaming Holding a.s. (Board Member)<br>Sazka a.s. (Member of the Supervisory Board)<br>Sazka Czech a.s. (Board Member)<br>Lottoitalia S.r.l. (Board Member)<br>Sazka Group, a.s. (CFO) |
| Demetra Kalogerou | ECOMMBX Ltd an Electronic Money Institution (EMI) (Non-executive independent Board Member)<br>NEO Exchange Canada (Non-executive independent Board Member)<br>INX Digital Inc (Non-Executive Director)<br>Ecommbx Limited (Head of Audit Committee and Non-Executive Director)<br>Swissquote Holding Limited (Member of Audit Committee and Non-Executive Director) | Cyprus Securities and Exchange Commission (Executive Chairman)<br>Cyprus Stock Exchange (Senior Executive)<br>Cyprus Public Audit Oversight Board (Board Member)                                                                                                                                                                                                                                                             |
| Radka Blazkova    | Emma Capital Limited (Board Member)<br>MEF Holdings Limited (Board Member)<br>Emma Alpha Holding Limited (Board Member)<br>Emma Gamma Limited (Board Member)<br>Emma Epsilon Ltd (Board Member)<br>Emma Zeta Limited (Board Member)<br>Emma Heta Limited (Board Member)<br>Emma Kappa Limited (Board Member)<br>Emma Lambda Limited (Board Member)                  | Emma Gamma Finance, a.s. v likvidácii (Member of the Supervisory Board)<br>Springrock Limited (Board Member)<br>Ruakawa Limited (Board Member)<br>Emerio Limited (Board Member)                                                                                                                                                                                                                                              |





| Name                    | Current directorships / partnerships                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Past directorships / partnerships                                                                                                                           |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | Emma Sigma Ltd (Board Member)<br>Emma Omega Ltd (Board Member)<br>Josecco Holdings Co. Limited (Board Member)<br>Delamos Limited (Board Member)<br>EGEH Limited (Board Member)<br>Alive Renewable Holding Limited (Board Member)<br>Marjolendo Limited (Board Member)<br>Tonalá Limited (Board Member)<br>Romelito Limited (Board Member)<br>Box Now d.o.o. (Board Member)<br>Box Now OOD (Board Member)<br>EMMA GAMMA FINANCE a.s. v likvidácii (Board Member)<br>ECFH a.s. (Board Member)<br>Super Sport d.o.o. (Member of the Supervisory Board)<br>Dandelion Healthcare, a.s. (Member of the Supervisory Board)<br>Emerging Markets Capital, a.s. (Board Member, CFO)<br>Super Sport d.o.o. (Member of the Supervisory Board)<br>Dandelion Healthcare, a.s. (Member of the Supervisory Board) | Bellville Services Ltd (Board Member)                                                                                                                       |
| Mirela Covasa           | ETOS Academy SRL (Co-founder, Director)<br>EVI Stars Solutions SRL (Founder, Director)<br>Alpha Advisory SRL (Founder, Director)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | NEPI Rockcastle NV (Chief Financial Officer, Board Member)                                                                                                  |
| Giacomo Billi           | Omnia Capital B.V. (Founder)<br>Confindustria Romania (Vice President, Head of Energy Desk)<br>Autentic Solar Grup S.A. (Director)<br>Alive Property S.R.L. (CEO)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Alive Energy S.R.L. (Former CEO, Founder)<br>Alive Property S.R.L. (Founder)<br>Alive Renewables S.R.L. (Founder)<br>Green Power Energy Market S.R.L. (CEO) |
| Jose Luis Gómez Pascual | European Business Association (Moldova) (Board Member)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | European Business Association (Moldova) (President of the Board)                                                                                            |
| Marius Cazan            | -                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | -                                                                                                                                                           |

#### Remuneration of Members of the Board of Directors and key management of the Group companies

In terms of remunerating the Directors, the Company believes that its remuneration policy adequately reflects the Company's strategy and long-term goals and the responsibilities of the Directors and their time commitment in exercising their duties. As part of the Company's efficient corporate governance, the Company's remuneration policy is usually subject to annual review.

Currently, the Company pays a fixed monthly amount to each Director, as agreed under the relevant mandate agreements.



The total amount of the gross remuneration paid by the Group during the year ended 31 December 2023 to the Board of Directors and to the Management was in aggregate EUR 3,974 thousand.

With respect to the Company, except for the pecuniary remuneration, the other benefits are reimbursement of expenses related to accommodation, allowance, travelling and other expenses occurred during travelling in the interest of the Company.

Neither the Company nor other company part of the Group allocates and/or has accumulated amounts for the payment of pensions or other benefits in favour of the members of the Board of Directors or the Company's executive managers.

The Company may terminate the mandate agreement with 3-month notice without any compensatory remuneration.

The Company believes that its remuneration policy is designed to ensure a continuing balance between the need for motivation of the managers aimed at the long-term development and success of the Company, and their performance.

The current incentivisation plan considers a combination of the following factors: (i) overall Group's financial performance during the year, (ii) the management's stand-alone performance and individualised KPIs, and (iii) discretionary elements linked to specific departmental operational and financial performance.

#### **Participations**

Mr. José Martin Garza and Mr. Petr Stohr have each informed the Company that they intend to purchase Shares in the Offering. For further details, see "*Subscription And Sale- General information about the Offering*".

No member of the Board of Directors, nor any of the Company's executive managers hold any shares in the share capital of the Company as of the date of this Prospectus.

#### **Litigation Statement Relating to Directors and the managers. Conflicts of Interests**

At the date of this Prospectus, none of the members of the Board of Directors and the managers of the Company has at any time within the last five years:

- (i) had any convictions in relation to fraudulent offences;
- (ii) held an executive function in the form of a founder, partner, senior executive officer or a member of the administrative, management or supervisory bodies, of any company or partnership at the time of or preceding any bankruptcy, receivership, liquidation or administration;
- (iii) been subject to any official public incrimination and/or sanctions by statutory or regulatory authority (including any designated professional body) or has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company;
- (iv) has not been elected as member of the administrative, management or supervisory body or managers within the Company, based on an understanding or agreement with the Company's major shareholders, customers, suppliers or others; or
- (v) has not entered into any contract with the Company or with its subsidiaries that provide for benefits upon termination of the contract, other than those provided in the section "*Remuneration*" above; or
- (vi) does not hold shares in the share capital of the Company other than those presented in the section "*Participations*" above.

There is no restriction on the assignment, within a certain period of time, of the shares owned by the shareholders in the Company save for the obligation assumed by the by the Selling Shareholder and Mr.



Stohr and Mr. Garza, based on the Underwriting Agreement concluded with the Managers and the Lock-Up Deed, respectively (described under chapter "*Subscription And Sale*").

There are no conflicts of interest between the obligations assumed by the members of the Board of Directors and the managers towards the Company and their private interests and/or other obligations. Moreover, the members of the Board of Directors and managers are not party to any contracts concluded with the Company, other than their mandate or employment agreements, as the case may be and as disclosed under section "*Related Party Transactions*".

There are no family relationships between any of the members of the Company's Board of Directors, any of the managers and of the founders.

#### **Consultative Committees constituted within the Board of Directors**

According to the Articles of Association, the Board of Directors may delegate any of its powers to any committee or committees consisting of any person or Director as the Board of Directors thinks fit. The Board of Directors may also delegate to any managing Director or any Director holding any other executive office such of its powers as the Board of Directors shall determine. The main committees, which will be set up and work under the Board of Directors by the date Admission, are the audit committee and the nomination and remuneration committee which shall be allocated such additional duties as shall be mandatory for performance by the committee under and in accordance with the BSE Corporate Governance Code or the rules of the BSE.

The Board of Directors establishes the structure, duties and powers of the committees. The Board of Directors will remain fully responsible for the actions taken by these committees.

##### ***Audit Committee***

The Audit Committee is a permanent committee with a consultative role, independent from the executive structures of the Company, which reports directly to the Board of Directors. In accordance with the provisions of the Articles of Association of the Company, the Audit Committee is composed of 3 members of the Board, out of which 2 are independent board members.

At least one member of the audit committee must have competences in the field of accounting and statutory audit, proven by qualification documents for the respective fields.

The audit committee is informed and requests information, through the Board of Directors, and issues recommendations, to the Board of Directors, regarding the selection of the statutory auditor, the evaluation and monitoring of the independence of the statutory auditor and the monitoring of the statutory audit process of the consolidated annual financial statements.

The audit committee is informed and requests information, through the Board of Directors, and issues recommendations, to the Board of Directors, regarding the financial reporting processes, system of internal control and risk management processes within the Company.

As of the Admission, the Audit Committee shall comprise of the following members:

1. Mirela Covasa – Chairwoman
2. Demetra Kalogerou – Member
3. Petr Stohr – Member

##### ***Nomination and Remuneration Committee***

The Nomination and Remuneration Committee is a permanent committee with a consultative role, independent from the executive structures of the Company, which reports directly to the Board of Directors. The Nomination and Remuneration Committee is composed of 3 members of the Board, most being independent members.



The roles of Nomination and Remuneration Committee are:

- to formulate proposals for the position of member of the Board of Directors, recommends to the Board of Directors candidates for such positions and formulates proposals on the elaboration of the Company's remuneration policy, in accordance with the development strategy, objectives, values and interests of the Company. The Committee is required to supervise the application of the Company's remuneration policy.
- to propose the selection criteria of the members of the Board of Directors, corresponding to the identified profiles, as well as the selection criteria for such other management positions.

In carrying out its activity, the Nomination and Remuneration Committee elaborates an annual report on the implementation of the Company's remuneration policy during the financial year. The report shall be submitted to the General Meeting of Shareholders which approves the annual financial statements.

As of the Admission, the Nomination and Remuneration Committee shall comprise of the following members:

1. Radka Blazkova – Chairwoman
2. Mirela Covasa - Member
3. Demetra Kalogerou – Member

#### **Corporate Governance Action Plan**

The Company intends to implement a corporate governance action plan ("**Corporate Governance Action Plan**") within 18 months as of the admission to trading of the Company's shares on the Bucharest Stock Exchange, to enhance the Company's corporate governance practices and its compliance with the BSE Corporate Governance Code, as set out below.

#### **Corporate Governance Policy**

The Company shall seek to introduce a corporate governance policy to be substantially in line with requirements of the BSE Corporate Governance Code and any other codes pertaining to exchanges where the securities of the Company are listed to the extent these do not conflict with the BSE Corporate Governance Code. In particular, the Policy shall include provisions aimed at: (i) introducing a yearly board evaluation (including the assessment of the board composition, dynamics and functioning of the committees) in line with best practices (once every three years the evaluation to be conducted/facilitated by an external party); (ii) ensuring that the board and senior management receive proper induction and regular training on key issues related to corporate governance and other key issues related to the Company's business and board/management activities; and (iii) delineating the Board's oversight and decision-making roles for the Company and the group versus management and shareholders' meeting and ensuring that the Board's focus is on the strategic guidance, effective oversight and direction to the management team.

Further, the Company shall take all necessary steps to ensure that these provisions are implemented in practice by, among other things, the appointment of a dedicated senior officer to monitor the implementation of the Policy and review the Company's Articles of Association and by-laws for inclusion of key governance provisions as needed (including the development of the Board By-laws and Board Committee Terms of References). Such officer shall regularly report directly to the Board of Directors and include a note on the Policy's implementation in the Company's annual report.

#### **Code of Business Conduct and Ethics**

The Company shall seek to update a Code of Business Conduct and Ethics that will articulate the Company's mission and values, and clearly state what behaviour is expected from all employees, Board directors and management. The Code of Business Conduct and Ethics should include rules (to the extent not covered by other policies) on: prohibition of bribery; responsibility to comply with all local laws; conflicts of interest; gifts and hospitality; political activity; political and charitable donations; outside interests and activity; strengthening trust and respect of its stakeholders and responsibility to report wrongdoing (which must be supported by whistle-blower protection mechanism).





The Company shall establish appropriate remedial actions that demand prompt response to violations of the Code of Conduct and Ethics and wide communication of the results/consequences of non-compliance (to be overseen by the compliance function – see below).

#### ***Clear Lines of Responsibility and Accountability***

The Company shall identify and map the key functions and businesses in the Company and its subsidiaries and seek to establish clear reporting and accountability lines between these functions, businesses and the Board. The Board of Directors and the committees shall approve in advance at beginning of each year the calendar of their meetings so as to ensure regular reporting from each of the identified key functions and businesses. Furthermore, the Company shall seek to introduce a subsidiary governance policy formalizing how the Company exercises oversight over the activities of its subsidiaries.

#### ***Conflicts of Interests and Related Party Transaction Policy***

In accordance with applicable legislation and BSE Corporate Governance Code, the Company shall seek to adopt a comprehensive policy on Conflicts of Interest and Related Party Transactions ("RPTs") involving, among others, Board directors, senior executives and other decision-makers. These individuals shall make advance disclosure of their interests and recuse themselves from discussions and voting on related issues. The Company shall appoint the Corporate Secretary in charge of monitoring the policy and reporting its implementation to the Board and shareholders.

#### ***Board Composition and Independent Directors***

The Company shall seek to ensure that the Board of Directors shall have no less than five directors, out of which no less than three members must be independent and non-executive in accordance with best practices, the BSE Corporate Governance Code and applicable legal requirements. As envisaged, the appointment of the independent non-executive board members will occur in phases: 1) two independent board members will be appointed to the Board in April 2024; and (2) it is anticipated that the third independent Board member will be appointed no later than one year from the IPO. Independent non-executive directors shall possess the relevant expertise and qualification according to the scope and responsibilities of the Board and the committees where they serve. The nomination of all directors, including the independent non-executive directors shall be done pursuant to a nomination policy in line with best practices and subject to any limitations imposed by law.

The Company shall develop the desired board member profiles and define the key qualifications and mix of skills that the Board members of the Company should possess for an effective implementation of the Company/group strategy and for the performance of Board's duties and responsibilities. The annual board evaluation shall in particular – but not limited to – assess the extent to which the Board size and mix of skills present at the Board and its committees are fit for purpose, considering the Board's and committees' functions and responsibilities.

The Company shall appoint one of its independent directors as a Deputy Board Chair. The Independent Deputy Chair shall (i) support the Chairperson; (ii) serve as an intermediary between the Chairperson and the other non-executive directors; and (iii) be additional point of contact for shareholders to raise any issues and concerns.

The Company's annual report shall clearly identify who the independent non-executive directors are and state the grounds (i.e., the negative criteria established by law or by the BSE Corporate Governance Code) and the positive circumstances upon which they are considered independent (e.g., explaining how they have acted independently from the executives, to ensure that the interests of all shareholders are properly protected—for instance—in relation to financial reporting and internal control). The nomination of all directors to shareholders shall be accompanied by a statement attesting each director's independence (if relevant), integrity, expertise and qualification and explaining how the proposed director is adding value to the work of the board and of the committees.

#### ***Board Committees***

The Company shall establish Audit Committee and the Nomination and Remuneration Committee and make sure that they are made at least by a majority of independent non-executive directors. The CEO, executive directors or the staff of Company or its subsidiaries cannot be members of the Audit Committee and of the Nomination and Remuneration Committee. The frequency of meetings of the committees, the





attendance by their members (in person or in absentia) and a summary of the significant issues dealt with by the committees shall be included in the Company's annual report. Independent non-executive directors shall chair the committees. All members of each committee shall possess the relevant expertise and qualification according to the scope and responsibilities of the committees.

Audit Committee shall assist the Board in ensuring that the Company's internal controls are adequate and oversee the compliance function. The Audit Committee shall also be in charge of overseeing Company's risk management, reviewing the Company's risk appetite and risk position and reviewing material related party transactions.

The Nomination and Remuneration Committee shall: (i) be in charge of the development of a succession policy, nomination policy and a remuneration policy and their implementation; (ii) coordinate board and management evaluation; and (iii) oversee the Company's corporate governance practices in general.

#### ***Corporate Secretary***

The Company shall appoint a corporate secretary in order to support the activities of the board, committees and directors. The corporate secretary shall have functions and responsibilities in line with best international practices (e.g., ICSA Guidance on Corporate Governance Role of the Company Secretary).

#### ***Succession Planning***

The Company shall seek to adopt a written plan on succession for the senior executives and key employees. The succession planning, in addition to emergency planning, shall also include longer-term development plans for key successors. The Board shall ensure that there is an active development of longer-term successors through ensuring their careers progress, and by making sure they get the range of work experiences they need for the future. For the potential candidates identified, a professional development plan should be defined to help prepare that individual(s) for the job (i.e., training to be taken, cross-experience to be achieved). The Nomination and Remuneration Committee shall lead this process and ensure it is conducted in a formal, impartial manner.

#### ***Disclosure and Transparency***

The Company undertakes to provide disclosure on its website and to investors in line with best international standards:

##### ***Annual Reports***

The Annual Report shall be available in Romanian and English on the Company's website and shall include comprehensive non-financial information related but not limited to corporate governance, sustainability and risk factors. The Annual Report shall also include complete information about the compliance of the Company's practices with the BSE Corporate Governance Code. In case of non-compliance with some of recommendations of the BSE Corporate Governance Code, detailed explanations relevant to the Company's context and reasons for non-compliance shall be provided.

##### ***Sustainability Reporting***

The Company shall prepare the sustainability reports in line with the best international standards (e.g., ESRS, GRI, SASB, IRRG) as well as any Bucharest Stock Exchange reporting requirements. The reports shall be externally verified by an independent auditor and disclosed on its website.

##### ***Investor Relations***

The Company shall add an Investor Relations ("IR") section on its website and gradually add to it information such as the following: (i) Annual Reports and Sustainability Reports and key financials; (ii) Board of Directors and shareholder information; (iii) Corporate Governance documents (e.g., code of conduct, corporate governance policy, RPT policy); (iv) environmental and social ("E&S") related information, including E&S policies, targets, performance, initiatives; and (v) other good-practice information (e.g., organizational structure, vision/mission and strategic objectives).

The Company shall appoint a dedicated person in charge for Investor Relations function, whose contacts shall be available on the Company's website. The Company undertakes to organise at least two



meetings/conference calls with analysts and investors each year. The information presented on these occasions shall be published in the IR section of the Company's website at the time of the meetings/conference calls.



#### ***Internal Controls***

The Company shall continue improving its internal control environment with specific focus on the increased needs to safeguard assets, manage risks, ensure compliance and transparency and operate more efficiently. Audit Committee shall at least once a year analyse the appropriateness and robustness (including organisational, positioning and staffing/available resources aspects) of the internal control functions.

#### ***Risk Management***

The Audit Committee shall oversee the Company's risk management practices and policies and review the Company's risk appetite and risk position. A senior executive with understanding of the Company's financial and operating position, will communicate periodically with the Company's Board via its Audit Committee on the assessment of risks and the Company's risk management framework and be responsible for developing or refining internal procedures to address and limit all categories of risk.

#### ***Internal Audit***

The Company shall seek to ensure that the internal audit function is set in accordance with international best practices (e.g., International Standards for the Professional Practice of Internal Auditing or Global Internal Audit Standards established by the Institute of Internal Auditors (whichever standards are in force at the time of implementation by the Company)). In particular, the Company shall seek to ensure that its internal audit function (i) operates independently, (ii) reports directly to the Audit Committee, and (iii) performs its activities on the basis of the audit plan approved by the Audit Committee. The internal audit function shall report, at a minimum, quarterly to the Audit Committee on the implementation of the audit plan.

#### ***Compliance***

The Company shall seek to establish a compliance function in accordance with international best practices (e.g., ISO 37301) headed by a dedicated senior executive (Compliance Officer) reporting to the CEO and to the Board through its Audit Committee. In particular, the Company shall seek to ensure that its compliance function: (i) develops compliance programs for the Company and subsidiaries and ensures compliance with applicable laws and regulation as well as with internal policies (including the Code of Business Conduct and Ethics); and (ii) assesses the Company's compliance culture and designs training programs to address gaps. The Company shall also establish a procedure for reporting suspected legal and internal policy violations (whistle-blowing procedure) and put in place safeguards for protection of persons reporting those violations.

#### ***Shareholders' Rights***

The Company shall seek to adopt/improve its internal policies on general meeting of shareholders and minority shareholders' protections. The Company shall seek to include the minority protection provisions (in its articles of association, CG Policy or GMS by-laws) in line with the applicable legal requirements and recommendations of BSE Corporate Governance Code that ensure adequate protection of shareholders' rights. Among others, the Company shall seek to ensure that shareholders have: (i) director nomination rights; (ii) right to propose agenda items for the GMS; and (iii) have access to GMS materials in advance.



## 16. SHAREHOLDERS

At the date of this Prospectus, the main shareholder of the Company is Emma Alpha Holding Ltd, ultimately controlled by Mr. Jiří Šmejč.

According to the provisions of the Articles of Association and to capital markets regulations, all the Company's shareholders have equal rights, each Share granting its holder a voting right at the general shareholders meeting.

The table below sets forth certain information regarding the ownership of the Company's share capital prior to the Offering and the ownership by the current shareholders immediately following the finalisation of the Offering, adjusted for the effects of New Shares issued in a Base Deal Scenario as well as in an Upsize Scenario and reflecting the changes of New Shares issued at the low-end and at the high-end of the Offer Price Range, in each case:

| Shareholders           | Shares owned in the Company, |                                             |                                           |
|------------------------|------------------------------|---------------------------------------------|-------------------------------------------|
|                        | before the Offering<br>%     | in a Base Deal Scenario <sup>(1)</sup><br>% | in an Upsize Scenario <sup>(2)</sup><br>% |
| Emma Alpha Holding Ltd | 99.994%                      | 71.2452%                                    | 67.5435%                                  |
| Natural persons        | 0.006%                       | 0.0048%                                     | 0.0046%                                   |
| Others <sup>(3)</sup>  | -                            | 28.7500%                                    | 32.4519%                                  |
| <b>Total</b>           | <b>100%</b>                  | <b>100%</b>                                 | <b>100%</b>                               |

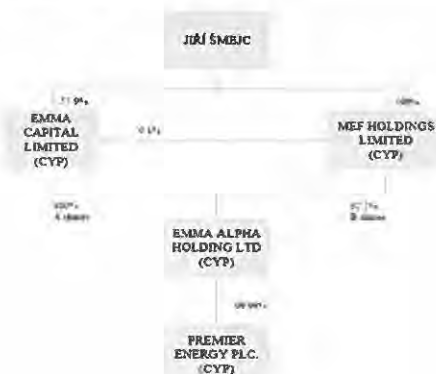
<sup>(1)</sup> Base Deal Scenario – assuming the sale of all Base Shares and Over-Allotment Shares.

<sup>(2)</sup> Upsize Scenario – assuming the full exercise of the Upsize Option and the sale of all Base Shares, Upsize Shares and Over-Allotment Shares.

<sup>(3)</sup> Includes free float and direct management holdings post-Offering.

The Company is indirectly controlled by EMMA Capital. EMMA Capital is a private investment holding company founded in 2012 by Jiří Šmejč, who is its ultimate beneficial owner. In recent years, it has focused mainly on markets in the European Union, but it is also present in other markets in Europe. In addition to companies operating in the energy sector, EMMA Capital invests across sectors such as financial technology, retail and B2C, gaming, insurance, pharmaceuticals and healthcare. Despite the control exercised by Emma Capital over the Company, the Articles of Association and the applicable Cypriot Law prevent the majority shareholder from exercising its control power in an abusive manner. Additionally, the Company's Chairman and CEO, Mr José Martin Garza, and the Company's CFO and member of the Board of Directors, Mr Petr Stohr, indirectly hold 6% and 4%, respectively, of class A shares (voting) of Emma Alpha through interests in Emma Capital Limited and directly hold 2.3% and 0.31%, respectively, of class B shares (non-voting redeemable preferred shares) of Emma Alpha, leading to periodic financial gains and benefits partly based on the performance of Emma Capital holdings. As of the date of this prospectus, no other members of the Company's Board of Directors or Key Management hold shares in Emma Capital companies.

The chart below shows the ownership structure of the Company and Emma Alpha Holding Ltd. as at the date of this Prospectus, up to the ultimate beneficial owner:





The Company is not aware of any agreement the application of which may generate, at a later date, a change in control over the Company.





## DESCRIPTION OF SHARE CAPITAL AND CORPORATE STRUCTURE

### General

The Company was incorporated as a private company limited by shares and was registered in Cyprus on 11 December 2012 under the name Chapalaco Limited, with registration number HE 316455, pursuant to the Cypriot Companies Law. On 11 July 2020, the Company changed its name to Premier Energy Cyprus Limited and on 26 January 2021 the shareholders of the Company and its Board of Directors resolved respectively that Premier Energy Cyprus Limited be converted into a public company and that its name be changed to its current name, Premier Energy Plc. The formal registration of the change of name with the Registrar of Companies in Cyprus occurred on 8 March 2021.

The principal legislation under which the Company operates, and under which the Shares are created, is the Cypriot Companies Law.

The Company's corporate seat is in Cyprus at Themistokli Dervi, 48, Athienitis Centennial Building, Floor 3, Flat 303, 1066 Nicosia. The legal and commercial name of the Company is Premier Energy Plc. The telephone number of the Company's registered office is +357 22 222024. The constitution of the Company is provided in the Articles of Association. The Articles of Association were last updated as a result of a shareholders' resolution passed on 5 April 2024 and registered with the Department of Registrar of Companies and Intellectual Property (the "Registrar of Companies") in Cyprus by a filing made on 11 April 2024.

Legal entity identifier ("LEI") of the Company is 213800UAOHO8R16T5W38.

### Corporate Purposes

The Company's objects include, among other things, to carry on the business of a holding company. The Company's objects are set forth in full in Regulation 3 of the Company's memorandum of association.

### Share Capital

#### *Issued share capital*

At the date of this Prospectus, the authorised share capital of the Company amounts to EUR 140,001 divided into 140,001,000 ordinary shares, each share with a par value of EUR 0.001, and the issued share capital of the Company amounts to EUR 100,001 divided into 100,001,000 ordinary shares, each share with a par value of EUR 0.001. There are 40,000,000 ordinary shares, each share with a par value of EUR 0.001 which are authorised but not issued or allotted. The Existing Shares are fully paid and the New Shares will be fully paid upon settlement (see "*Settlement And Transfer*").

There are no Shares in the Company held by or on behalf of the Company itself or by subsidiaries of the Company, and there are no outstanding conversion or exchange rights or warrants in relation to the Company's Shares, except as detailed below. Under the Share Sale and Purchase Agreement dated 5 November 2021 concluded by Premier Energy S.R.L. for the acquisition of Alive Capital and the related shareholders agreement concluded by Premier Energy S.R.L., as majority shareholder holding 51% of Alive Capital's share capital with the minority shareholder, a natural person holding 49% of Alive Capital's share capital, Premier Energy S.R.L. undertook the obligation that in case of the Admission of the Company's Shares to the Bucharest Stock Exchange, the minority shareholder would have the right to swap a number of shares representing 25% of Alive Capital's share capital to a participation in the Company, as soon as the Company is admitted for listing on the Bucharest Stock Exchange. The price for such swapped participation, in case the minority shareholder would exercise its right, will be determined by the financial auditor of Alive Capital.

The Company did not assume any obligation to increase the share capital of the Company, other than pursuant to the Capital Increase, for purposes of the Offering. No portion of the Company's share capital or shares is subject to any option right (other than as described below in "*Subscription And Sale - Stabilisation*") and the Company and/ or the Selling Shareholder have not agreed to grant any such option to any person.

The Articles of Association and the Cypriot Companies Law, to the extent not disapplied by shareholders' resolution, confer on shareholders certain rights of pre-emption in respect of the issue and allotment of new



shares or securities convertible into shares and, following this Offering, will apply to the Company's authorised but unissued share capital.

On 9 April 2024 by the shareholders' resolution, the Company approved the increase of its share capital in the context of the Offering up to a maximum of EUR 140,001 and delegated, for a period of five (5) years from the date of the Admission, in connection with the issue of up to 40,000,000 Shares, the power to decide on the final amount of such Capital Increase to the Company's Board of Directors and authorised the disapplication of the rights of pre-emption of its existing shareholders under the Cypriot Companies Law and the Articles of Association.

#### *Evolution of changes in the Company's share capital*

The Company was incorporated as a private company limited by shares on 11 December 2012 with an authorised and issued share capital of EUR 1,200 divided into 1,200 ordinary shares with a par value of EUR 1 each, all of which were registered in the name of Cymanco Services Limited (the Secretary of the Company for all periods since the date of incorporation).

On 15 January 2013, Cymanco Services Limited transferred all the shares it held in the entire authorised and issued share capital (being 1,200 ordinary shares with a par value of EUR 1 each and representing the entire authorised and issued share capital of the Company), to EMMA Alpha Holding Limited.

The authorised share capital of the Company was increased to EUR 1,250 divided into 1,250 ordinary shares with a par value of EUR 1 on 29 March 2019. On 30 July 2019, an allotment of 10 ordinary shares was made to EMMA Alpha Holding Limited taking their holding to 1,210 ordinary shares with a par value of EUR 1 each, out of the 1,250 ordinary shares of par value of EUR 1 each representing the authorised share capital of the Company.

The Company was converted on 26 January 2021 from a private limited company to a public limited company and its authorised share capital was increased to EUR 100,000 divided into 100,000 ordinary shares with a par value of EUR 1 each. Also, the Company proceeded with the issue and allotment of 98,784 additional ordinary shares of EUR 1 par value each to EMMA Alpha Holding Limited (taking its total holdings in the Company to 99,994 ordinary shares of EUR 1 par value each) and with the issue and allotment of 6 ordinary shares of EUR 1 par value to six natural persons (holding 1 ordinary share of EUR 1 par value each).

On 18 June 2021, the Company increased its authorised share capital by 1 (one) share of par value EUR 1 and proceeded to issue and allot that share to EMMA Alpha Holding Limited. On 9 April 2024 the Company increased its authorised share capital from EUR 100,001 divided into 100,001 ordinary shares of par value EUR 1.00 each to EUR 140,001 divided into 140,001 ordinary shares of par value EUR 1.00 each by way of creation of 40,000 ordinary shares of par value EUR 1.00 each. On 9 April 2024 the Company also subdivided the authorised share capital of 140,001 ordinary shares of par value EUR 1 each, into 140,001,000 ordinary shares of par value EUR 0.001 each.

As of 9 April 2024, the Company's total authorised share capital amounts to EUR 140,001 divided into 140,001,000 ordinary shares, each share with a par value of EUR 0.001 and the Company's issued share capital amounts to EUR 100,001 divided into 100,001,000 ordinary shares of par value EUR 0.001 each, held, as follows: a) EMMA Alpha Holding Limited holding 99,995,000 ordinary shares equating to 99.994% of the issued share capital of the Company and b) six natural persons, each holding 1,000 (one thousand) ordinary shares each equating to 0.001% of the issued share capital of the Company (all six natural persons holding in total 6,000 shares equating to 0.006% of the issued shares of the Company). Such shareholdings have remained unchanged as at the date of this Prospectus. All issued shares were at all times issued and allotted as fully paid.

The table below presents the changes in the Company's share capital as of the date of this Prospectus and after the Capital Increase and the issuance of the New Shares:

|                                                  | Date                             |                                                                                       |                                                                                    |
|--------------------------------------------------|----------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
|                                                  | As at the date of the Prospectus | After Capital Increase and issuance of New Shares (Base Deal Scenario) <sup>(1)</sup> | After Capital Increase and issuance of New Shares (Upsize Scenario) <sup>(2)</sup> |
| Number of authorised Shares <sup>(1)</sup> ..... | 140,001,000                      | 140,001,000                                                                           | 140,001,000                                                                        |





|                              | Date                             |                                                                                       |                                                                                    |
|------------------------------|----------------------------------|---------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
|                              | As at the date of the Prospectus | After Capital Increase and issuance of New Shares (Base Deal Scenario) <sup>(1)</sup> | After Capital Increase and issuance of New Shares (Upsize Scenario) <sup>(2)</sup> |
| Share capital value (EUR)    | 140,001                          | 140,001                                                                               | 140,001                                                                            |
| Number of issued Shares .... | 100,001,000                      | 125,001,250                                                                           | 130,001,300                                                                        |
| Share capital value (EUR)    | 100,001                          | 125,001.25                                                                            | 130,001.3                                                                          |

<sup>(1)</sup> Subject to the Successful Closing of the Offering and assuming the placement of all New Shares.

<sup>(2)</sup> Subject to the Successful Closing of the Offering and assuming the full exercise of the Upsize Option and placement of all New Shares and Upsize Shares representing New Shares.

<sup>(3)</sup> The number of Shares authorised but not issued in the context of the Offering shall be cancelled.

Source: The Company

### Articles of Association

The following is a brief summary of certain material provisions of the Company's Articles of Association. This summary does not purport to give a complete overview of the Articles of Association, nor of the relevant provisions of the Cypriot Law and is qualified in its entirety by the Articles of Association as in effect upon completion of the Offer. The Articles are available in the governing Greek language and an unofficial English translation thereof on the Company's website. This summary does not constitute legal advice regarding the matters presented below and should not be regarded as such.

### Pre-emption rights

Pursuant to the Cypriot Companies Law, section 60B, on an issue of shares or equities convertible into shares in the Company, each shareholder has a right of pre-emption to subscribe for such shares or securities apart from shares or securities issued for a non-cash consideration) in cash in proportion to the aggregate number of shares held by them. In accordance with the relevant provisions of the Cypriot Companies Law, each shareholder will have not less than 14 days following the date of the notification of the offer (or the sending out of the letters to the shareholders) to subscribe for the shares or securities to notify the Company of his/her desire to exercise his/her pre-emption rights on the same terms and conditions proposed in the said notification.

If a shareholder declines the shares or securities convertible into shares offered to him/her pursuant to such pre-emption rights or if he/she is deemed to have declined as a consequence of the lapsing of the term during which the right may be exercised, subject to an ordinary resolution of the shareholders, the Board of Directors of the Company may distribute or otherwise dispose of those shares to such persons and under such terms as they see fit. In accordance with the Articles of Association, in the case of issuing unissued shares to the public, such issue is subject to the sanction of a general meeting of shareholders passing a resolution by a simple majority when at least half of the issued share capital of the Company is represented and otherwise, by a two thirds majority of the votes corresponding either to the represented securities or to the represented issued share capital, and the regulatory requirements of the relevant stock exchange. The Articles of Association of the Company afford the Company's existing shareholders with rights of first refusal during the issue of unissued shares pro-rata to the number of shares already held by each existing shareholder, in accordance with and subject to the provisions of section 60B of the Cypriot Companies Law.

Pre-emption rights may nevertheless be waived by the shareholders of the Company in accordance with the provisions of section 60B of the Cypriot Companies Law and the relevant provisions in any law, legislation, regulation, by-law, subordinate or secondary legislation, stock exchange rule or regulation (as the case may be) applicable because of the Shares being admitted to trading on the BSE. Section 60B of the Cypriot Companies Law provides that pre-emption rights may be limited or excluded by a general meeting of shareholders passing a resolution by a simple majority when at least half of the issued share capital of the Company is represented and otherwise, by a two thirds majority of the votes corresponding either to the represented securities or to the represented issued share capital. In connection with such waiver, the Board of Directors of the Company must present a written report indicating the reasons why the rights of pre-emption should be waived and justifying the proposed issue price. A copy of the said resolution of the general meeting of shareholders must be delivered to the Registrar of Companies in Cyprus and be published in the Official Gazette of Cyprus.



### ***Voting Rights***

Subject to any special rights or restrictions as to voting attached to Shares (of which there are none at present), every holder of shares who is present and entitled to vote at a general meeting in person or by proxy shall have one vote on a show of hands and one vote for each share held by him on a poll. For more information about the vote see below "*General Meeting of Shareholders*" section. A shareholder which is a legal person may, by resolution of its directors or other governing body, authorise a person to act as its representative at general meetings and that person may exercise the same powers as the shareholder could exercise if it were an individual shareholder of the Company.



### ***Dividends***

The Company may by ordinary resolution passed at a general meeting declare dividends, but no dividend shall exceed the amount recommended by the Board of Directors. Subject to the provisions of the Cypriot Companies Law, the Board of Directors may from time to time pay to shareholders such interim dividends as appear to the Board of Directors to be justified by the Company's profits. No dividend will be paid otherwise than out of profits. Under Cypriot Companies Law, except for cases of reduction of issued share capital, the Company is not allowed to make distributions to its shareholders if, on the closing date of the last financial year, its net assets as presented in the annual accounts of the Company, prepared in accordance with IFRS, are or could become, by virtue of such distribution, less than the total sum of its issued share capital and reserves that must be maintained in accordance with the Cypriot Companies Law and its Articles of Association.

Interim dividends can only be paid if:

- (a) interim accounts are drawn up showing that funds available for distribution are sufficient; and
- (b) the amount to be distributed may not exceed the total profits made since the end of the financial year for which the annual accounts have been drawn up, plus any profits transferred from the last financial year, and the withheld funds made of the reserves available for this purpose, minus any losses of the previous financial years, as well as the funds which must be put in reserve pursuant to the requirements of Cypriot Companies Law or the Company's Articles of Association.

The Board of Directors may, before recommending any dividend, set aside out of the Company's profits such sums as they think proper as a reserve or reserves which shall, at the discretion of the Board of Directors, be applicable for any purpose to which the Company's profits may be properly applied, and pending such application may, at the like discretion, either be employed in the Company's business or be invested in such investments (other than the Company's shares) as the Board of Directors may from time to time think fit. The Board of Directors may also, without placing the same to reserve, carry forward any profits which they may think prudent not to divide.

Also see section "*Dividend Policy*" of this Prospectus.

### ***Variation of Rights attached to classes of shares***

If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class) shall be equal and may, whether or not the Company is being wound up, not be varied except with the consent in writing of the holders representing not less than 75% in nominal value of the issued Shares of that class or with the sanction of an extraordinary resolution, passed at a separate general meeting of the holders of the shares of the class, but not otherwise.

Pursuant to section 70 of the Cypriot Companies Law, shareholders voting against the variation of the rights attached to that class, who between them hold or represent 15% of the issued Shares of that class, may within 21 days of the date on which the consent was given or the resolution passed, apply to the court to set aside the variation, and where any such application is made, the variation shall not have effect unless and until it is confirmed by the court.





#### ***Alteration of Capital***

The Company may, by a general meeting of shareholders passing a resolution by a simple majority when at least half of the issued share capital of the Company is represented and otherwise, by a two thirds majority of the votes corresponding either to the represented securities or to the represented issued share capital:

- (a) increase its share capital by such sum, to be divided into shares of such amount, as the resolution shall prescribe;
- (b) consolidate and divide all or any of its share capital into shares of larger amounts than its existing shares;
- (c) subdivide its existing shares, or any of them, into shares of smaller amounts than is fixed by the Articles of Association and the resolution may determine that, as between the Shares resulting from the sub-division, any of them may have any preference or advantage as compared with others, subject, nevertheless, to the provisions of Section 60(1)(d) of the Cypriot Companies Law; and
- (d) cancel any shares which, at the date of the passing of the resolution, have not been taken nor agreed to be taken by any person. The Company may also, by special resolution, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner and with, and subject to, any incident authorised, and consent required, by the Law.

The Company may also, by special resolution at a general meeting of the shareholders, reduce its share capital, any capital redemption reserve fund or any share premium account in any manner, in accordance with, and subject to the Cypriot Companies Law.

Following the adoption of a special resolution for the reduction of capital, the Company must apply to the Cypriot courts for confirmation of such special resolution. Once the court confirms the resolution, the court order, together with the special resolution approving the reduction, should be filed with the Registrar of Companies.

#### ***Power to issue redeemable preference shares***

Subject to the provisions of section 57 of the Cypriot Companies Law, any rights or restrictions attached to shares, and based on the Company's Articles of Association, any preference shares may, with the sanction of shareholders at a general meeting passing a resolution by a simple majority when at least half of the issued share capital of the Company is represented and otherwise, by a two thirds majority of the votes corresponding either to the represented securities or to the represented issued share capital, be issued on the condition that they are redeemed or are to be liable to be redeemed at the option of the Company and/or their holders, on such terms and in such manner and have attached to them such other rights and/or restrictions, as the general meeting of shareholders by a resolution by a simple majority when at least half of the issued share capital of the Company is represented and otherwise, by a two thirds majority of the votes corresponding either to the represented securities or to the represented issued share capital may determine, prior to the issue of such shares.

#### ***Purchase of own Shares***

The Company may, subject to the provisions of the Cypriot Companies Law, purchase a number of its own shares in its issued share capital. The Cypriot Companies Law provides that a company may purchase its own shares ("buyback"), provided that it is permitted to do so via its articles of association and by passing of a special resolution, which gives authority to the board of directors to proceed with a buyback. The authority granted to the directors can have a maximum duration of 12 months from the date the decision on the buyback is taken and should also set the terms and method of acquisition, including the proposed maximum number of shares to be acquired, the minimum and maximum price and the maximum duration of holding of the shares. The maximum duration of the period over which the company may hold the shares cannot exceed two years, and a buyback cannot be carried out unless it is done using realised and non-distributed profits, which would have been available for distribution as dividends. In accordance with the Company's Articles of Association, the buyback of Shares may include any redeemable Shares, and the Company may, to the extent permitted by, and subject to, sections 53 and 57A to 57E (inclusive) of the Cypriot Companies Law make a payment in respect of the Shares it purchases, otherwise than out of the distributable profits of the Company or the proceeds of a fresh issue of Shares.



The relevant provisions regarding the buyback of shares under the Cypriot Companies Law are vague and unclear in some respects, and their practical implication is unclear and could prevent a buyback. As relevant provisions are broadly drafted, there is a strong argument that the Cypriot Companies Law only applies to companies the shares of which are listed on the Cyprus Stock Exchange, noting that if the shares are not listed on the Cyprus Stock Exchange, there are considerable gaps in the relevant provisions of the Cypriot Companies Law relating to, for example, the determination of the maximum buyback price and the maximum percentage of shares that can be bought back.



### ***Winding Up***

If the Company is wound up, the liquidator shall take into his custody or under his control all the property and things in action to which the Company is or appears to be entitled.

Among other duties, the liquidator has a duty to pay the debts of the Company and adjust the rights of the contributories (shareholders) among themselves.

Under Cyprus insolvency laws, the following order of distribution of assets is used for all outstanding debts of the company being wound up (the "**Wound Up Company**"): (i) the costs of the winding-up; (ii) the preferential debts as defined in section 300 of the Cypriot Companies Law which comprise: (a) all government and local taxes and duties due at the date of liquidation and having become due and payable within 12 months before that date and, in the case of assessed taxes, not exceeding one year's assessment; and (b) all sums due to employees, including wages, up to one year's accrued holiday pay, deductions from wages (such as provident fund contributions) and compensation for injury; (iii) any amount secured by a floating charge; (iv) the unsecured ordinary creditors; (v) any deferred debts such as sums due to members in respect of dividends declared but not paid; and (vi) any share capital of the Wound Up Company. Where there are different classes of share capital, such as preference shares, their respective rankings will be determined by the terms on which they were issued.

Within each category of claim, creditors rank equally and abate in equal proportions if there are insufficient funds to pay them in full (section 300(3), Cypriot Companies Law).

Notwithstanding the above, a creditor holding security over the assets of the Wound Up Company is a secured creditor and as such is entitled to the net proceeds (after deducting all expenses incurred) from the realisation of such assets in satisfaction of the obligations secured by such security. After such security has been repaid, the secured creditor will rank *pari passu* with the unsecured creditors of the Wound Up Company, with respect to the remaining amount (if any) due to it.

If the Company is wound up the liquidator may, with the sanction of an extraordinary resolution of the Company's shareholders and any other sanction required by the Cypriot Companies Law:

- (a) divide amongst the shareholders in cash or in kind the whole or any part of the Wound Up Company's assets (whether they shall consist of property of the same kind or not) and may for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or their different class (if any); and
- (b) vest the whole or any part of such assets in trustees upon such trusts for the benefit of the shareholders as the liquidator thinks fit and in accordance with any required sanction, but so that no shareholder will be compelled to accept any shares or other securities whereon there is any liability or other encumbrance.

### ***Rights related to General Meetings of Shareholders***

The shareholders' fundamental rights include the right to attend the general meeting of shareholders and the right to vote. In addition, Section 127B.(1) of the Cypriot Companies Law, provides that a member of a company listed on a regulated market, shall have the right through the use of electronic means or postal services, at the address designated by the listed company in a regulated market, to: (a) put items on the agenda of the annual general meeting, provided that each such item is accompanied by reasons which justify its inclusion or a draft resolution to be adopted in the general meeting; and (b) table draft resolutions as an item on the agenda of a general meeting, provided that the member or members in question hold at least five per cent (5%) of the issued share capital representing at least five per cent (5%) of the total voting rights of all members who have a right to vote at the general meeting with which this application is related to.





Also see "General Meeting of Shareholders" below.

#### **Corporate bodies**

##### **General Meeting of Shareholders**

The general meeting of shareholders assembles in an annual general meeting of shareholders and in extraordinary general meetings. All general meetings of the Company, other than the annual general meeting, shall be called extraordinary general meetings. An annual general meeting is held within 15 months from the previous one and the convening notice shall expressly specify the nature of the meeting. An extraordinary general meeting will be convened whenever the Board of Directors considers fit.

In addition, under section 126(1A) of the Cypriot Companies Law and notwithstanding anything in the Articles of Association of the Company, the directors of a company listed on a regulated market shall, on the requisition of shareholders of the company holding on the date of the deposit of the requisition not less than 5% of the paid-up capital of the Company which at the date of the deposit confers voting rights at general meetings of the shareholders, forthwith proceed duly to convene an extraordinary general meeting.

The Company's Articles of Association provide that, if at any time, there are not within Cyprus sufficient Directors capable of acting to form a quorum, any Director or any 2 shareholders may convene an extraordinary general meeting in the same manner as nearly as possible as that in which a general meeting of shareholders may be convened by the Board of Directors.

All business to be dealt with at an extraordinary general meeting shall be deemed special. In addition, all business that is to be dealt with at an annual general meeting shall also be deemed to be special except (a) declaring a dividend, (b) the consideration of the accounts, balance sheets, and the reports of the directors and auditors, (c) the election of directors in the place of those retiring and (d) the appointment of, and the fixing of the remuneration of the auditors.

An annual general meeting and a meeting called for the passing of a special resolution can be convened by the Board of Directors by a written notice, specifying the matters to be discussed, issued at least 21 clear days before the meeting, and a meeting of the Company other than an annual general meeting or a meeting for the passing of a special resolution can be convened by the Board of Directors by a written notice, specifying the matters to be discussed, issued at least 14 clear days before the meeting. If the notice period is less than 21 days or 14 days as applicable, the meeting of a company, other than a company listed on a regulated market, will be deemed to have been duly called if it is so agreed:

- (a) in the case of a meeting called as the annual general meeting, by all the shareholders entitled to attend and vote; and
- (b) in the case of any other meeting, by a majority in number of the shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

However, after Admission, all general meetings of shareholders require a 21-day notice period except for any meeting that is not an annual general meeting or a meeting for the passing of a special resolution, which may be convened by the Board of Directors by a notice issued at least 14 days before the meeting, provided that the Company offers technical facilitation for electronic voting that is accessible to all shareholders and a special resolution shortening the notice period to 14 days was passed in the immediately preceding annual general meeting or at a subsequent general meeting of shareholders.

A notice convening a general meeting of shareholders must be sent to each of the shareholders, shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of meeting and the general nature of the business to be transacted thereat. In case of an annual general meeting, the notice shall specify the meeting as such. In accordance with the Company's Articles of Association the notice shall also include a declaration that a shareholder who is entitled to attend and vote is also entitled to appoint one or more proxies to attend and vote in his place and that such proxy need not be a shareholder. The Articles of Association provide that the participation of any shareholder who is entitled to attend and vote at a general meeting of shareholders shall not be restricted nor shall any restriction be placed on the shareholder exercising all rights to which they are entitled.





In addition, once admitted to trading, pursuant to section 127A of the Cypriot Companies Law, the convocation notice (the **Convocation Notice**) shall specify:

- (a) the proposed agenda for the meeting;
- (b) the procedures in respect of the participation and voting in the meeting required to be complied with by the shareholders entitled to attend and vote at the meeting, including *inter alia*:
  - (i) the right of a shareholder to add items on the agenda of the general meeting, to table draft resolutions pursuant to section 127B of the Cypriot Companies Law and to ask questions related to items on the agenda pursuant to section 128C of the Cypriot Companies Law and the deadlines by which any of those rights may be exercised;
  - (ii) the right of a shareholder which is entitled to attend (subject always to the provisions of the Cypriot Companies Law), to speak, ask questions and vote, to appoint a proxy pursuant to section 130 of the Cypriot Companies Law, including a proxy who is not a shareholder, through "Electronic Means" (which are defined by the Cypriot Companies Law as means of electronic equipment used for the processing (including digital compression), storage and transmission of data by wire, by radio, by optical technological means or by other electromagnetic means) or otherwise or, where permitted, to appoint one or more proxies each one of whom being entitled to attend, speak, ask questions and vote in the shareholder's place;
  - (iii) the right to ask questions and the obligation to have them answered;
  - (iv) the procedure for voting by proxy pursuant to section 130 of the Cypriot Companies Law, including the forms to be used and the means by which the Company is prepared to accept electronic notification of the appointment of the proxy;
  - (v) where applicable, the procedure that will be followed pursuant to sections 128B and 132 of the Cypriot Companies Law for electronic voting or voting by correspondence, respectively;
- (c) where applicable, the "Record Date" (as defined in the Cypriot Companies Law, being a date not exceeding two working days prior to the general meeting to which it relates) and that only the shareholders registered as holders of shares conferring the right to attend and vote at the meeting, as at the close of business on the Record Date, shall be entitled to attend and vote at the meeting;
- (d) where and how the full unabridged text of the documents to be submitted to the meeting may be obtained; and
- (e) the internet site at which the information which is required to be provided to shareholders pursuant to the provisions of section 127A(4) of the Cypriot Companies Law shall be made available including amongst other things, the Convocation Notice, the total number of shares and voting rights at the date of the Convocation Notice, the documents to be submitted at the relevant general meeting, copies of a draft resolution (if applicable), and copies of the forms to be used to vote by proxy and to vote by correspondence, unless those forms are sent directly to each shareholder. All such information shall be made available to the shareholders of the Company at its internet site for a continuous period beginning not later than on the 21<sup>st</sup> day before the day of the general meeting and including the day of the said meeting.

Further, the Articles of Association provide that after Admission subject to applicable law, and the rules or regulations of the BSE:

- (a) when the Company has given an electronic address in a notice calling of a general meeting, it is deemed to have agreed that any document or information relating to the proceedings at the meeting may be sent by electronic means to that address (subject to any conditions or limitations specified in the notice). When the Company has given an electronic address (i) in an instrument or proxy sent out by the Company in relation to the general meeting, or (ii) in an invitation to appoint a proxy issued by the Company in relation to the meeting, it will be deemed to have agreed that any document or information relating to proxies for the meeting may be sent by electronic means to that address (subject to any conditions or limitations specified in the notice).



the Articles of Association provide that documents relating to proxies include (i) the appointment of a proxy in relation to a general meeting, (ii) any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy and (iii) notice of the termination of the authority of a proxy.

- (c) any notice or other document to be given or sent to any Person by the Company is also to be treated as given or sent by the Company where the Company publishes the notice or other document required to be given or sent to that Person on its website and any such notice or other document shall be treated as being sent or given at the time of first publication on the Company's website.
- (d) nothing in the Articles of Association shall invalidate proceedings of the general meeting where the notice or other document is published for a party, but not all, of the required notice period, and the failure to publish the notice or other document throughout the period is wholly attributable to circumstances which it would not be reasonable to have expected the Company to avoid or prevent.

Subject to the Company's Articles of Association and the rights or restrictions attached to the Shares (if applicable), the notice shall also be sent to all the Directors of the Company and in the case of an annual general meeting, or any other general meeting of shareholders at which the Auditors' reports are to be presented such notice must also be given to the auditors of the Company. The accidental omission to give notice of a general meeting of shareholders to, or the non-receipt of notice of a general meeting of shareholders by, any person entitled to receive the said notice shall not invalidate the proceedings at that general meeting of shareholders.

The chairman of the Board of Directors if any, or in his absence some other Director, if any, appointed by the Board of Directors, shall preside as chairman at a general meeting of the Company, but if neither of them is present, and willing to act, within fifteen minutes after the time appointed for the holding of the meeting, the Directors present at the meeting shall elect one of them to be chairman of the meeting, or if there is only one Director present and willing to act, he shall act as the chairman of that general meeting. If at any general meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the shareholders present at the meeting shall choose one of them to be chairman of the meeting.

At any general meeting any resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is duly demanded on, or before the declaration of the result of the vote on a show of hands. On a poll, each shareholder has one vote for each of the shares held by them. Under section 131 of the Cypriot Companies Law, any provision contained in a company's articles of association shall be void in so far as it would have the effect either:

- (a) of excluding the right to demand a poll at a general meeting on any question other than the election of the chairman of the meeting or the adjournment of the meeting; or
- (b) of making ineffective a demand for a poll on any such question which is made either:
  - (i) by not less than five members having the right to vote at the meeting; or
  - (ii) by a member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
  - (iii) by a member or members holding shares in the company conferring a right to vote at the meeting, being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

The Company's Articles of Association provide that a poll may be demanded by:

- (a) the chairman of a general meeting of shareholders; or
- (b) by at least 3 shareholders (or their appointed Proxy) present and having the right to vote at a general meeting of shareholders; or
- (c) by any Director present at a general meeting of shareholders.





The general meetings may, subject to the provisions of section 128B of the Cypriot Companies Law, be held in whole or in part, by Electronic Means. The Articles of Association provide that the simultaneous connection through telephone or other means of communication, including all and any electronic means, of a number of shareholders not fewer than the number required to constitute a quorum of a general meeting of shareholders, even if one or more members are present in the same place or not, whether in Cyprus or abroad, shall be deemed to constitute a general meeting of shareholders, and all the provisions of the Articles of Association and the Cypriot Companies Law which apply to general meetings of shareholders shall apply to such meeting, *mutatis mutandis*, so long as the following conditions are complied with:

- (a) all shareholders who are entitled to receive notice of such meeting shall be entitled to have access and be connected to the means of conducting the general meeting of shareholders; and
- (b) each shareholder participating in the general meeting of shareholders must be able to hear each one of the other shareholders participating in the general meeting;

The Articles of Association provide that the quorum for a general meeting will consist of at least two shareholders, present in person or by proxy, and entitled to vote, holding or representing by proxy between them not less than 50% of the issued share capital of the Company which carries the right to vote at general meetings. If within half an hour from the time appointed for the meeting a quorum is not present, or if during the meeting a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present in person or by proxy shall be a quorum. The Company may by decision of its Board of Directors permit participation at general meetings via electronic means, including a mechanism for casting votes either before or during the general meeting, and shall make such arrangements or regulations as it deems fit, in its absolute discretion.

The Cypriot Companies Law names three types of resolutions that may be submitted to a shareholder vote: ordinary resolutions, extraordinary resolutions and special resolutions.

#### *Ordinary resolutions*

There is no definition in the Cypriot Companies Law of an ordinary resolution. An ordinary resolution must be approved by a majority vote of shareholders having voting rights present at the meeting, voting in person or through a proxy and the Company must provide at least 14-days advance notice of such meeting to shareholders.

The following powers must, amongst others, be exercised by the Company in the general meeting by an ordinary resolution: (i) the increase of its share capital; (ii) the consolidation and division of all or part of its share capital into shares of larger amounts than its existing shares; (iii) the conversion of all or part of its paid-up shares into stock and reconversion of that stock into paid-up shares; (iv) the subdivision of its existing shares, or any of them, into shares of a smaller amount than is fixed by the company's memorandum of association; and (v) the cancellation of any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person.

The following ordinary resolutions require "special notice" (meaning that not less than twenty-eight days before the meeting at which the resolution is to be passed, notice of the intention to pass it must be given to the company): (i) a resolution to remove a director or to appoint somebody instead of a director so removed at the meeting at which he is removed; and (ii) a resolution to appoint as auditor a person other than a retiring auditor or providing expressly that a retiring auditor shall not be reappointed.

An ordinary resolution requires a simple majority (50% plus one vote) of the persons who, being present and entitled to vote upon the resolution, do vote.

#### *Extraordinary and special resolutions*

The Cypriot Companies Law defines extraordinary resolutions and special resolutions. An extraordinary resolution must be approved by at least 75% of shareholders having voting rights present at the meeting, voting in person or through a proxy. The meeting requires an advance notice of at least 14 days and such notice must specify the intention to propose the resolution as an extraordinary resolution.





An extraordinary resolution is required for putting the Company under voluntary liquidation where the Company cannot by reason of its liabilities continue its business and it is advisable to wind up.

A special resolution must be approved by at least 75% of shareholders having voting rights present at the meeting, voting in person or through a proxy and the Company must provide at least 21 days' advance notice of such meeting to shareholders, specifying the intention to propose the resolution as a special resolution.

A special resolution of the general meeting of shareholders is required, amongst others, for the following: (i) amendment of the memorandum of association, (ii) amendment of the articles of association, (iii) reduction of the share capital, (iv) buy-back of shares by the Company, (v) change of Company name, (vi) application to the court for the Company to be wound up, (vii) decision for a voluntary winding up of the Company, and (viii) decision for migration of the company out of Cyprus.

A majority of two thirds of the votes represented at the general meeting is required to decide the matter concerned or the simple majority will suffice (if more than 50% of the issued shares are represented at the relevant general meeting) for, amongst others, the following matters: (i) a waiver of pre-emption rights of shareholders in respect of a fresh issue of shares or securities convertible into shares for a cash consideration; (ii) where the Cypriot Companies Law requires a shareholders' decision for a change in the amount or classes of share capital or the rights attached to any class of shares; and (iii) increase of authorised share capital, and the company concerned is a public limited company.

Resolutions in writing approved and signed by all shareholders entitled to vote at general meetings are as valid and effective as if they had been passed at a general meeting of the Company that was duly convened and held.

#### ***Board of Directors***

Subject to the Cypriot Companies Law, the memorandum of association and the Articles of Association, any directions given by a general meeting of shareholders by ordinary resolution, and any regulation determined by the Board of Directors, the business of the Company is managed by the Board of Directors which may exercise all the powers of the Company that are not required by the Cypriot Companies Law or by the Articles of Association to be exercised by the Company in a general meeting of shareholders. No alteration of the memorandum of association or the Articles of Association and no direction given by a general meeting of shareholders shall invalidate any prior act of the Board of Directors which would have been valid if that alteration had not been made or that direction has not been given.

The quorum necessary for the transaction of the business of the Directors shall be at least the majority in number of the Directors. Additionally, a resolution in writing, signed by all the Directors or in relation to a committee of the Board of Directors by all its Directors, shall be as valid and effectual as if it passed at a meeting of the Board of Directors (or (as the case may be) at a meeting of a committee duly convened, held and transacted, and it may consist of several documents in the like form each signed by one or more Directors (or their alternates).

The Directors may by power of attorney or otherwise, appoint any individual, firm, partnership, company or other body corporate with or without limited liability, or other person or entity (whether incorporated or unincorporated) (a **Person**), to be the attorney or agent of the Company for such purposes, on such terms and conditions and with such powers (not exceeding those vested in or exercisable by the Directors under the Articles of Association) as it determines, and may also authorise any such agent or attorney to delegate all or any part of the authority given to him.

In any meeting of the Board of Directors, each Director is entitled to one vote and a simple majority of the votes of the Directors present and voting at a meeting of the Board of Directors is required to pass a resolution. In the event of an equality of votes, the chairman of the meeting shall have a second or casting vote. Subject to the Cypriot Companies Law, the Articles of Association and any regulation determined by the Board of Directors, the Board of Directors may delegate its powers to one or more of its members or a committee made up of some of its members or any other person.

#### ***Number of Directors***

The minimum number of Directors shall be two (2). There is no maximum number of Directors which may be appointed.



#### *Appointment of Directors*

The general meeting of shareholders by ordinary resolution may appoint one or more persons willing to act as directors of the Company to the office of Director and may, subject to compliance with Cypriot Companies Law procedure, remove a director. The Board of Directors may appoint one or more persons willing to act as directors either to fill a vacancy or as additional Directors. Every person appointed a Director by the Board of Directors shall hold office only until the next annual general meeting, whereby he/she shall retire, but may if willing to act, be reappointed by the annual general meeting. If not reappointed, he/she shall retain office until the meeting appoints someone else in his/her place, or if it does not do so, until the end of the annual general meeting.

#### *Managing Director and other executive officers*

The Board of Directors may appoint one or more of the Directors to the office of managing director or to any other executive office in the Company and may for this purpose cause the Company to enter into an agreement or arrangement with any Director for his employment or for the provision of any services to the Company outside the scope of the ordinary duties of a company director.

#### *Conflict of Interests*

A Director who is in any way, directly or indirectly, interested in a contract or proposed contract with us shall declare the nature of his interest at a meeting of the directors in accordance with the provisions of section 191 of the Cypriot Companies Law, and subject to disclosure being made in accordance with such provisions and the Articles of Association of the Company, a director notwithstanding his/her office may:

- (a) become a party to, or otherwise be interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested;
- (b) become a director or other officer of, or employed by, or become a party to any transaction or arrangement with, or otherwise be interested in, any corporation promoted by the Company or in which the Company is otherwise interested; and
- (c) vote as a Director on a resolution concerning any matter in which he/she has, directly or indirectly, an interest or duty and, if he votes, his vote shall be counted and he shall be counted in the required quorum when, that resolution or matter is put before the Board of Directors.

The remuneration of the Directors for their services as such (or for services outside the scope of the ordinary duties of a company director, if applicable) shall be determined by the Company in a general meeting of shareholders from time to time by ordinary resolution. Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or in connection with the discharge of their duties and obligations as Directors.

#### **Disclosure and reporting obligations**

##### *Disclosure and reporting obligations under the law of Cyprus*

The Company is a public limited company incorporated and existing under the laws of Cyprus. According to the Directive 2004/109/EC, as further amended (the "**Transparency Directive**"), the home member state is Cyprus and as a consequence the Company will have to comply with the disclosure obligations imposed by the Cyprus Transparency Requirements (Securities Admitted to Trading in a Regulated Market) Law, No.190(I)/2007, as amended (the "**Transparency Law**") which has implemented the Transparency Directive in Cyprus.

Under the Transparency Law, "shareholders" and other persons who control voting shares in a Cypriot public company admitted to trading on a regulated market within the EU are subject to certain notification requirements whenever their "holding" of shares with voting rights in the company concerned reaches, exceeds or falls below (as the case may be), the thresholds of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the company's total voting rights (the "**Thresholds**") as a result of an acquisition or disposal of company shares (or control over such shares) or as a result of events changing the breakdown of the company's voting rights.



The notification requirements under the Transparency Law include a requirement to notify the CySEC and the company concerned (i.e. the issuer) of the fact that the shareholder's holding has reached, exceeded or fallen below the above-mentioned thresholds.

A "shareholder" is any person who directly or indirectly holds voting shares of the company, including nominee shareholders as well as global depositary receipt holders who are deemed to be the holders of the underlying shares issued by the company.

The notification requirement mentioned above also applies to persons who are entitled to acquire, dispose or exercise voting rights in the company (for purposes of this section, such a person and/or a "shareholder" of the company (as per the definition in the immediately preceding paragraph), shall be referred to as a "**Reporting Person**"), when the percentage of voting rights "held" by them, as a result of the acquisition or disposal or exercise, or the events that change the breakdown of the company's voting rights, reaches, exceeds or falls below (as the case may be) the Thresholds in any of the following circumstances:

- (a) voting rights held by a third person with whom the Reporting Person has entered into an agreement obliging the parties to adopt, through the coordinated exercise of their voting rights, a lasting common policy as to the management of the company;
- (b) voting rights held by a third person with whom the Reporting Person has entered into an agreement, which provides for the temporary transfer, for consideration, of the exercise of those voting rights;
- (c) voting rights attaching to shares which have been deposited with the Reporting Person as security, provided the Reporting Person controls the voting rights and has declared its intention to exercise them;
- (d) voting rights attaching to shares of which the Reporting Person has a life interest;
- (e) voting rights which are held or can be exercised in the manner described under points (a) to (d) above, by an undertaking "controlled" by the Reporting Person;
- (f) voting rights attaching to shares that have been deposited with the Reporting Person and which the Reporting Person can exercise at its discretion, in the absence of specific instructions by their holder;
- (g) voting rights held by a third person in his/her/its own name and on its behalf; and
- (h) voting rights, which the Reporting Person is entitled to exercise at its discretion, as an attorney for the shareholder, in the absence of specific instructions from the shareholder.

In this context, an undertaking "controlled" by the Reporting Person is an undertaking in which the Reporting Person:

- (a) has the majority of voting rights; or
- (b) has the "right to appoint or remove" the majority of the members of the undertaking's administrative, managerial or supervisory organ and is simultaneously a shareholder or a partner in the undertaking; or
- (c) is a shareholder or member and controls by itself, pursuant to an agreement entered into with the other shareholders or members of the undertaking, the majority of the voting rights of the shareholders or partners; or
- (d) has power to exercise or de facto exercises dominant influence or control.

The Reporting Person will be deemed to have the "right to appoint or remove" where such a right belongs to:

- (a) any undertaking controlled by the Reporting Person; or
- (b) a person acting in its own name but for on behalf of the Reporting Person or an undertaking controlled by the Reporting Person.





Notifications must be made as soon as possible and in any event within three trading days following:

- (a) the date on which the transaction was made, or
- (b) the date on which the Reporting Person learned or is deemed to have learned of the acquisition or disposal or possibility of exercising voting rights (and the Reporting Person is deemed to have learned of such events two days after the trading day on which the transaction was made, at the latest), or
- (c) the date on which the Reporting Person learned or should have learned of the event changing the breakdown of the Company's voting rights, as the case may be.

Special provisions and exemptions under the Transparency Law may apply to a Reporting Person who is a custodian / trustee, a market maker, a credit institution, a firm providing investment services, or the parent of a management company of an undertaking for collective investment in transferrable securities. An exemption may also apply where shares are acquired exclusively for stabilisation purposes, or for the purpose of clearing and settling of stock exchange transactions within three business days of the execution of the stock exchange transaction.

*Disclosure and reporting obligations under Romanian law*

Following its Admission, the Company will also be required to fulfil certain transparency obligations in accordance with the provisions of Issuers and Markets Operations Law and the Regulation no. 5/2018. For example, according to the Issuers and Markets Operations Law, if following the acquisition or sale of or other operations in Shares, the proportion of voting rights held by a person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33%, 50% or 75% of the total voting rights, that person must notify the Company of the proportion of the voting rights held, promptly, but not later than 4(four) trading days starting on the day on which that person (i) finds about the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have found about it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect or (ii) is informed with respect to an event that changes the breakdown of voting rights.

Also, according to the Issuers and Markets Operations Law, the Company must publish its audited annual accounts within four months after the end of each financial year, its half-yearly figures within three months after the end of the first six months of each financial year and its quarterly reports for the first and third quarter within 45 days from the end of the reporting period.

Moreover, the Company is required to inform the public, among others, about the following aspects:

- (a) convening of the general meeting of shareholders;
- (b) the resolutions of the shareholders' meetings;
- (c) replacement of the Company's auditor and causes for this change;
- (d) change of control, including indirect change of control;
- (e) entering into, termination or decrease of contractual arrangements which have generated at least 10% of the Company's income during the previous financial year;
- (f) litigation proceedings involving the company;
- (g) material acquisitions or disposal of assets (the acquisition or disposal is deemed material if the assets represent at least 10% of the total asset value of the company, either before or after the transaction);
- (h) new products or services launched by the company or a new development process, which affects the Company's resources.



## Obligation to launch a mandatory takeover bid and squeeze out procedures

### *Mandatory takeover bid*

As a company with its registered office in Cyprus whose shares are listed on a regulated market in Romania, any offer for such shares will be subject to the provisions of the Issuers and Markets Operations Law in respect of matters relating to the consideration offered in the case of a bid, in particular the price, and matters relating to the bid procedure, especially the information on the offeror's decision to make a bid, the contents of the offer document and the disclosure of the bid, while the laws of Cyprus would apply to such an offer in relation to company law matters, including the threshold for a mandatory bid. The laws of Cyprus would also govern matters such as (i) the notification of the offer to company's employees, being the personnel of the Company; (ii) the exemptions from the obligation to make a public offer; and (iii) the circumstances in which the board of directors is prohibited or permitted (as the case may be) to act in a manner which could frustrate the offer.

Section 13 of the Cyprus Takeover Bids Law No. 41(I)/2007 as amended (the "Cyprus Takeover Law") provides that, where a person, as a result of acquisition by himself/herself/it or by persons acting in concert with him/her/it, holds securities of a company which, added to any existing holdings by him/her or by persons acting in concert with him/her/it, directly or indirectly give him/her/it 30% or more of the existing voting rights in such company at the date of the acquisition, such a person is under an obligation to immediately make a bid to all holders of such securities for their entire holding at a fair price. Such mandatory bid obligation will apply in each of the following set of circumstances, which is a non-exhaustive list:

- (a) where such person does not hold any securities in such company at all or holds securities representing less than 30% of the voting rights and the acquisition gives such person 30% or more of the voting rights in such company; or
- (b) where such person already has a holding of 30% or more, but less than 50% of such company's voting rights, and intends to increase his/her/its holding.

Section 14 of the Cyprus Takeover Law provides that, where a person already holds more than 50% of the voting rights in a company, further acquisition of securities in such company does not trigger an obligation for a mandatory bid provided that the CySEC has granted an exemption (which may be granted only if such acquisition does not affect the rights of minority holders). Nevertheless, there are other grounds pursuant to which an exception may be granted by CySEC as set out in section 15 of the Cyprus Takeover Law.

The mandatory public offer document, having the content set forth under the Issuers and Market Operations Law, shall be approved by the FSA. According to the provisions of the Issuers and Market Operations Law, the mandatory public offer must be launched as soon as possible, however not later than, as a rule, two months, after the date the offeror reached the controlling interest threshold.

The price under a mandatory public offer will be at least equal to the highest price paid for the shares by the offeror, or by the persons acting in concert with the offeror, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval. However, if the offeror or the persons acting in concert with the offeror, have not acquired any shares of the company which is subject to the mandatory offer over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval or the FSA determines on grounded reasons ex officio or following a complaint in this respect that the operations whereby the shares were acquired may negatively influence the calculation of the price, the price will be determined as follows:

- (a) if the mandatory offer is launched within the term prescribed by the Issuers and Market Operations Law, the price will be at least equal to the highest of the following amounts, calculated by an authorised valuator, designated by the offeror: (i) the weighted average trading price of the shares, corresponding to the last 12 months prior to the submission of the offer documentation to the FSA; (ii) the per share value of the net assets of the company according to its latest audited financial statements; and (iii) the price determined further to a valuation performed according to international valuation standards;
- (b) if the mandatory offer is not launched within the term prescribed by the Issuers and Market Operations Law, the price will be highest of the following amounts, calculated by an authorised



valuator, designated by the offeror: (i) the weighted average trading price of the shares, corresponding to the last 12 months prior to the submission of the offer documentation to the FSA; (ii) the weighted average trading price of the shares, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iii) the highest price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iv) the per share value of the net assets of the company according to its latest audited financial statements issued prior to submitting the takeover bid documentation to the FSA for approval; (v) the per share value of the net assets of the company according to its latest audited financial statements issued prior to the date the offeror reached the controlling interest threshold; and (vi) the price determined further to a valuation performed according to international valuation standards.



If the mandatory offer is not launched within the term prescribed by the Issuers and Market Operations Law and the condition mentioned above regarding the non-acquisition of shares over the period of 12 months prior to submitting the takeover bid documentation to the FSA for approval is not satisfied, the offer price will be at least equal to the highest of: (i) the price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; (ii) the price paid for the shares by the offeror, or by persons acting in concert with the offeror, over a period of 12 months prior to the date the offeror reached the controlling interest threshold; (iii) the weighted average trading price of the shares, over a period of 12 months prior to submitting the takeover bid documentation to the FSA for approval; and (iv) the weighted average trading price of the shares, over a period of 12 months prior to the date the offeror reached the controlling interest threshold.

Under Section 34 of the Cyprus Takeover Law, with the exception of seeking alternative bids, as soon as the board of the offeree company becomes aware that a bid is imminent and until the expiration of the time allowed for acceptance or the revocation or cancellation of the bid, it may not, without prior authorisation of the general meeting of shareholders, take any action which may result in the frustration of the bid. As regards decisions of the board of the offeree company taken before the beginning of the period referred to above and not yet implemented, the general meeting of shareholders shall approve or confirm any decision which does not form part of the normal course of the company's business and the implementation of which may result in the frustration of the bid. The board of the offeree company shall obtain the prior authorisation of the general meeting of shareholders given for this purpose during the above mentioned period, before deciding (a) the issuing of shares of the company (noting that the said limitation includes the issuing of shares which may result in a lasting impediment to the offeror's acquiring control of the offeree company); (b) any lawful acts entailing the substantial differentiation of the assets or the obligations of the company or the entering of *ex gratia* acts, unless the Commission, if satisfied that they do not result in the frustration of the bid, approves such acts; and (c) the buy-back of own shares, unless with the approval of the CySEC, which is granted when the CySEC is satisfied that it does not result in the frustration or cancellation of the bid.

Pursuant to Section 35 of the Cyprus Takeover Law, following a decision of the general meeting of shareholders, an offeree company which has its registered office in Cyprus, may, with the possibility of reversing such a decision, choose to follow the below (provided that the decision is notified immediately to CySEC and to the relevant supervisory authorities of other member states such as the regulated markets in which its securities are admitted to trading or their admission is being sought):

- (a) any restrictions on the transfer of securities provided for in the articles of association of the offeree company shall not apply *vis-à-vis* the offeror during the time allowed for acceptance of the bid;
- (b) any restrictions on the transfer of securities provided for in contractual agreements between the offeree company and holders of its securities, or in contractual agreements between holders of the offeree company's securities, in each case, entered into after 21 April 2004, shall not apply *vis-à-vis* the offeror during the time allowed for acceptance of the bid;
- (c) restrictions on voting rights provided for in the articles of association of the offeree company shall not apply at the general meeting of shareholders which decides on any defensive measures in accordance with section 34 of the Cyprus Takeover Law and in any such meeting every security shall provide its holder with the right of one vote;
- (d) restrictions on voting rights provided for in contractual agreements between the offeree company and holders of its securities, entered into after 21 April 2004, shall not have effect at the general





meeting of shareholders which decides on any defensive measures in accordance with section 34 of the Cyprus Takeover Law;

- (e) multiple-vote securities shall carry only one vote each at the general meeting of shareholders which decides on any defensive measures in accordance with section 34 of the Cyprus Takeover Law;
- (f) where, following a bid, the offeror holds 75% or more of the capital carrying voting rights, no restrictions on the transfer of securities or on voting rights referred to in points (a) to (e) above, nor any extraordinary rights of shareholders concerning the appointment or removal of board members provided for in the articles of association of the offeree company shall apply; multiple-vote securities shall carry only one vote each at the first general meeting of shareholders following closure of the bid, called by the offeror in order to amend the articles of association or to remove or appoint board members; to that end, the offeror shall have the right to convene a general meeting of shareholders at short notice, provided that the meeting does not take place within a period which is less than two weeks following the notification calling such meeting;
- (g) where rights are removed on the basis of points (a) up to (f) above, equitable compensation shall be provided for any loss suffered by the holders of those rights. The terms for determining such compensation and the arrangements for its payment shall be set between the offeror and the shareholder whose rights are removed;
- (h) points (c) to (f) above shall not apply to securities where the restrictions on voting rights are compensated for by specific monetary advantages.

A company which has elected to apply the above, may, by decision of the general meeting of shareholders, be exempt from applying those provisions, if it becomes the subject of a bid launched by a company which does not apply the same provisions as it does, or by a company controlled, directly or indirectly, by the latter, provided that the decision of the general meeting of shareholders applies only as regards takeover bids made no earlier than 18 months following that decision.

#### *Squeeze out and sell out*

Under section 36 of the Cyprus Takeover Law, where the offeror has made a bid to all the holders of securities in the offeree company for their entire holding, the offeror has the right to require the holders of any remaining securities in the offeree company to sell such securities to him/her/it in any of the following situations:

- (a) where the offeror holds securities representing at least 90% of all securities carrying voting rights in the offeree company and at least 90% of the voting rights in the offeree company; or
- (b) where the offeror has acquired or has irrevocably agreed to acquire, following the acceptance of a takeover bid, securities in the offeree company representing at least 90% of all securities carrying voting rights and at least 90% of the voting rights included in the takeover bid.

The offeror may exercise such right within three months from the end of the period allowed for acceptance of the bid, by submitting an application to the CySEC, which is also notified by the offeror to the offeree company, in which the consideration for the securities must be specified. The consideration must take the same form as and be at least equal to the consideration offered in the bid. A cash alternative is permitted, if accepted by the recipient.

Furthermore, section 37 of the Cyprus Takeover Law provides that a holder of any remaining securities in an offeree company in any of the two situations described above has the right to require the offeror to buy his/her/its securities at a fair price, being at least equal to and taking the same form as the consideration offered in the bid, including a cash alternative if acceptable to the recipient, provided that such right is exercised within three months from the end of the period allowed for acceptance of the bid.

The Cypriot Companies Law also contains provisions in respect of squeeze out and sell out rights. The effect of these provisions is that, where a company (the "offeror company") makes a take-over bid for all the shares or for the whole of any class of shares of a Cypriot company, and the offer is accepted within four months after the making of the offer by the holders of not less than 90% in value of the shares concerned (other than shares already held by or on behalf of the offeror company), the offeror company can, within two months from the expiration of the said four months, upon the same terms acquire the shares





of shareholders who have not accepted the offer, unless such persons, within one month from the date on which the notice was given, persuade the court not to permit the acquisition. If the offeror company already holds more than 10% in value of the shares concerned, additional requirements need to be met before the minority can be squeezed out.

There have been no public takeover bids by third parties for all or any part of the Company's equity share capital since the Company's date of incorporation.



## 18. RELATED PARTY TRANSACTIONS

For the purposes of the Group's Audited Special Purpose Consolidated Financial Statements, parties are considered to be related in line with the requirements of IAS 24 "Related Party Disclosures" as established under the International Accounting Standards ("IAS") in accordance with Regulation (EC) No. 1606/2002 of the European Parliament and of the Council, which defines a related party as a person or entity that is related to the entity that is preparing its financial statements (the "reporting entity").

During the last three fiscal years, the Group undertook certain related party transactions with the Group's parent company, Emma Alpha Holding Ltd., the ultimate controlling party Mr. Šmejc and/or affiliates or group entities of the foregoing persons. Additional related party transactions occurred with Group management and other Group employees in the form of management loans or deferred remuneration. For more information on material transactions with related parties as of and for the periods ended 31 December 2023, 2022 and 2021, see also Note 33 of the Audited Special Purpose Consolidated Financial Statements.

As part of the ordinary course of business and prior to the planned admission to trading, the Group received and/or extended loans to Emma Alpha Holding Ltd. and other Emma Capital group companies or affiliates. This was done primarily in order to complete acquisitions. The substantial majority of such loans were repaid during the same financial period.

The below paragraphs describe the transactions with Emma Capital and its affiliates in each of 2023, 2022 and 2021:

- During 2021, the Group obtained a bank financing facility in the amount of €80,000 thousand where Emma Alpha Holding Ltd. provided a guarantee up to the amount of €160,000 thousand. Also in 2021, the Group received a loan from Emma Alpha Holding Ltd. in the amount of €83,137 thousand, related to a payable for the acquisition of shares in Ligatne Limited, which was repaid before the year end. As a result of this financing, interest expense of EUR 670 thousand was recognised in profit or loss. The Group provided a loan to Emma Alpha Holding Ltd. amounting to EUR 7,003 thousand, which was made and repaid during 2021.
- During 2022, entities within the Group provided loans to Emma Alpha Holding Ltd. in the total amount of €20,709 thousand that were fully repaid during 2022. Interest income of €201 thousand was recognised in profit or loss for the year. Also during 2022, MEF Holdings Limited provided loans to the Group related to the acquisition of Ecoenergia S.R.L. in the amount of €24,000 thousand with another €1,000 thousand being provided by Emma Alpha Holding Ltd. Interest expense of €175 thousand was recognised in profit or loss as a result of these loans for 2022. The loans were fully repaid during 2022 primarily with new bank financing with some loan repayments also coming from the cash flow generation of Ecoenergia S.R.L.
- During 2023, the Group provided a loan to MEF Holdings Limited in the amount of €10,000 thousand which was repaid during the year.
- As of 31 December 2023 and as of the date of this prospectus, loan receivable balances from third parties amounted to EUR 4,751 thousand and from related parties amounted to EUR 305 thousand.

During 2023, 2022 and 2021, further related party transactions occurred with other related parties such as Group personnel, management and members of the Board of Directors and comprised loans (both interest-free and interest bearing), sale of assets or other transfers. The table below shows the balances of other related party transactions as of December 31 for each of the periods shown:

|                   | 2023  | 2022            | 2021    |
|-------------------|-------|-----------------|---------|
|                   |       | (in € thousand) |         |
| Bank balances     | 7,844 | 5,515           | 9,656   |
| Trade receivables | 10    | 5               | —       |
| Provided loans    | 303   | 2,695           | 281     |
| Trade payables    | —     | (70)            | —       |
| Loans received    | (547) | (3,965)         | (1,736) |



The below paragraphs describe the transactions with other related parties in each of 2023, 2022 and 2021:

- During 2021, the Group extended loans to certain employees in Moldova as part of employee benefits within the business in the amount of €180 thousand while €131 thousand of loans were repaid during the year.
- During 2022, the Group received loans from other related parties in the amount of €3,544 thousand which matured and were repaid in 2023. The Group provided loans during the year to Alive Energy S.R.L. (non-controlling shareholder of ECOENERGIA S.R.L.) with a maturity date of 5 September 2029 but the loan was repaid in 2023.
- During 2023 certain employees in Moldova who received loans as part of employee benefits in the country repaid a net amount of €3 thousand of the loans during the year, out of a total repayment of EUR 13 thousand received by the Group.

During 2023, 2022 and 2021, the Group recognized certain related party transactions with key management personnel and members of the Board of Directors. These comprise owned remuneration payable to such members as well as outstanding loans. The tables below show a breakdown of these figures as of 31 December of each respective period:

|                                                            | 2023                   | 2022       | 2021       |
|------------------------------------------------------------|------------------------|------------|------------|
|                                                            | <i>(in € thousand)</i> |            |            |
| Remuneration payable to members of Board of Directors..... | 66                     | 113        | 7          |
| Remuneration payable to key management personnel.....      | 1,004                  | 483        | 500        |
| <b>Total balances</b> .....                                | <b>1,070</b>           | <b>596</b> | <b>507</b> |
| Loans provided to management.....                          | 31                     | 44         | 12         |
| <b>Total balances</b> .....                                | <b>31</b>              | <b>44</b>  | <b>12</b>  |

Any outstanding remuneration balances for members of the Board of Directors and key management personnel as of 31 December 2023 will be paid during the first half of 2024 with majority of it being paid during the month of January.

From the date of the Audited Special Purpose Consolidated Financial Statements as of 31 December 2023 and until the date of this Prospectus, the Company and its subsidiaries have not entered into any material new related party transactions.



## 19. MATERIAL CONTRACTS

The following selected contracts have been entered into by the Group and are, or may be, material or contain provisions under which the Group has an obligation or entitlement which is, or may be, material to the Group as of the date of this Prospectus. The following selected contracts are not intended to represent all of the material contracts of the Group.

### Loan Agreements

#### *J&T and Postova Facilities Agreement*

The Company as borrower, J&T Banka, a.s. as agent and security agent and J&T Banka, a.s. and Postova banka, a.s. as original lenders and mandated lead arrangers entered into a facility agreement originally dated 16 June 2021, as amended and restated on 14 June 2023 and as amended on 21 March 2024, granted for the purpose of partial repayment of a loan owed by the Company to Emma Alpha Holding Limited and for general corporate purposes (the "**J&T and Postova Facility**"). The total amount of the facility agreement (as amended and restated) is EUR 80,000,000 and the termination date is 30 June 2027.

The J&T and Postova Facility is secured with a corporate guarantee provided by Emma Alpha Holdings Ltd pursuant to a Czech law guarantee agreement. In the context of the Offering, a pledge over all shares held by Emma Alpha Holdings Ltd in the Company representing approximately 99.99% of share capital was released by J&T Banka, a.s.. The J&T and Postova Facility provides an undertaking that security shall be created over all shares released but not sold in the context of the Offering. The amendment agreement dated 21 March 2024 also provides that following the Successful Closing of the Offering, but by no later than 15 June 2024, the Company shall enter into pledges over (i) 92.74% of the shares in Joseco Holdings Co. Limited and (ii) 100% of the shares in Ligatne Limited.

The J&T and Postova Facility includes undertakings and restrictions (subject to certain exceptions and carve-outs) including, *inter alia*, restrictions on the ability to provide security or guarantees or to dispose of assets, restrictions on acquiring any company, business, assets or undertakings, restrictions on making distributions (including dividends), restrictions on incurring or allowing to remain outstanding any financial indebtedness. Furthermore, the J&T and Postova Facility includes certain events which would trigger a mandatory prepayment under the facility, including in the case of a change of control (meaning, among others, Mr. Jiří Šmejck or Emma Alpha Holding Limited ceasing, directly or indirectly, to cast or control the casting of 51% of the maximum number of votes in the Company or hold beneficially 51% of the issued share capital of the Company). The finance documents also include, among others, undertakings to observe certain loan-to-value commitments and a variety of events of default, including cross default provisions regarding defaults under certain loan agreements concluded with J&T Banka, a.s., as well as regarding defaults under agreements under which financial indebtedness is incurred by any member of the Group with any creditor.

#### *Alpha Bank Credit Facilities*

In May 2018, Ligatne Gas as borrower, Premier Energy S.R.L. as co-debtor/guarantor and Ligatne Limited and Mr. Jose Martin Garza as guarantors entered into a credit facility agreement with Alpha Bank Romania S.A. ("**ABR**") for the purpose of setting out the general terms and conditions applicable to the credit relationship between the bank and the relevant companies, subject to the execution for each credit facility, of separate credit facility agreements setting out the specific terms and conditions related to that credit facility.

In October 2019, Premier Energy S.R.L. and Premier Energy Trading as borrowers, co-debtors and real guarantors and Ligatne Limited as guarantor have concluded a multi option credit line agreement no. 216/2/2019, whereby a RON 50,000,000 (approximately EUR 10,058,945) facility was granted ABR for partial refinancing purposes and for the financing of the general needs of Premier Energy S.R.L. and Premier Energy Trading, including for the acquisition of natural gas, storage, import, related taxes and for issuing LGs ("**ABR Facility**"). The ABR Facility has been subject to further amendments whereby the facility amount has been increased to RON 75,000,000 (approximately EUR 15,088,418) and the maturity date of the agreement was extended to 30 July 2024. However, the ABR Facility is also expressed to be revocable, meaning that ABR has reserved the right to request (subject to a prior notice) that the amounts owed become due and payable on demand.





The ABR Facility is secured with (i) movable mortgages on bank accounts opened by Premier Energy S.R.L. and Premier Energy Trading with ABR and on the sums therein; (ii) mortgage agreements over 1,912,987 social parts held by Ligatne Limited in Premier Energy S.R.L., representing approximately 26.31% from the total number of shares in Premier Energy S.R.L.; (iii) mortgages over receivables of Premier Energy S.R.L. including receivables in relation to certain concession areas; (iv) mortgages over receivables of Premier Energy Trading S.R.L.; (v) mortgage over certain assets used in the natural gas distribution process (including equipment, machinery, vehicles and gas pipelines) owned by Premier Energy S.R.L. in relation to certain concession areas; and (v) promissory notes in blank, without protest issued by Premier Energy S.R.L. and Premier Energy Trading. According to the finance documents, the bank is entitled to request additional security in a number of circumstances, such as if it deems that the value of the existing security has diminished below the value of the secured obligations.

The finance documents concluded with ABR include a wide range of undertakings and restrictions (subject to certain exceptions and carve-outs) such as, *inter alia*, restriction on the incurrence of additional financial indebtedness or other payment obligations, restrictions on the ability to provide security or guarantees or dispose of assets, restrictions to amend the relevant constitutive documents, organisation and form of operating, changes of shareholding structure and management including restrictions to change the control over any of the borrowers (without the notice of ABR), restrictions on changing the object or nature of activity and restrictions to distribute dividends. The finance documents also include undertakings to observe certain financial ratios and a variety of events of default, including cross default provisions.

#### *UniCredit Facility*

In October 2019, UniCredit Bank as lender, Premier Energy S.R.L. as borrower and Ligatne Limited as guarantor entered into a loan agreement, which was subsequently amended pursuant to several amendment agreements ("UniCredit Facility"). The UniCredit Facility states that the loan is granted for general corporate needs, overdraft for general expenses and issuing of letters of guarantees. The initial amount of the UniCredit Facility was RON 95,000,000, which was subsequently increased to RON 225,000,000 (approximately EUR 45,279,829) and Premier Energy Trading S.R.L. has acceded to the UniCredit Facility as joint borrower.

The UniCredit Facility provides that the final maturity date is 9 October 2024 (for general corporate needs and overdraft) and 9 April 2025 (for issuing of letters of guarantees, corporate guarantees and letters of credit) respectively. However, the bank has wide prerogatives to declare the loans immediately due and payable in case of occurrence of an event of default but also in circumstances concerning the amendment or repeal of banking legislation.

The UniCredit Facility is secured with (i) mortgage over accounts of Premier Energy S.R.L. opened with UniCredit Bank; (ii) mortgage over Premier Energy S.R.L.'s natural gas stocks; (iii) mortgage over receivables related to the natural gas supply contracts of Premier Energy S.R.L. concluded with its clients; (iv) mortgage over receivables related to the natural gas distribution to household consumers in certain concession areas; (v) mortgage over receivables related to certain gas storage contracts concluded by Premier Energy S.R.L.; (vi) mortgage over 3,634,094 shares held by Ligatne Limited in Premier Energy S.R.L., representing 49.98% of the share capital of Premier Energy S.R.L.; (vii) mortgage over accounts of Premier Energy Trading S.R.L. opened with UniCredit Bank; and (viii) mortgage over receivables related to the natural gas supply contracts of Premier Energy Trading S.R.L. concluded with its clients. According to the finance documents, the bank is entitled to request additional security in a number of circumstances, such as if it deems that important negative changes in the financial or legal situation of the borrower or guarantor may affect their capacity to meet their obligations under the finance documents.

The UniCredit Facility includes a wide range of undertakings and restrictions (subject to certain exceptions and carve-outs) including, *inter alia*, restrictions on the incurrence of additional financial indebtedness (including a restriction from incurring indebtedness exceeding, in aggregate, EUR 90,000,000), restrictions on the ability to provide security or guarantees or to dispose of assets, restrictions on initiating a merger or spin-off in connection with the borrower, restrictions on change of control, restrictions on allowing (subject to certain carve-outs) direct or indirect changes to the shareholding structure (save for listed companies or intra-group shareholding changes). The finance documents also include, among others, undertakings to observe certain turnover commitments and a variety of events of default, including cross default provisions.





*European Bank for Reconstruction and Development Loan Agreement (Premier Energy S.R.L.)*

On 15 November 2022, the European Bank for Reconstruction and Development ("**EBRD**") as lender, and Premier Energy S.R.L. as borrower entered into a loan agreement granted for working capital in connection with the acquisition of natural gas under Premier Energy S.R.L.'s gas contracts ("**EBRD Loan**"). The amount of the EBRD is EUR 30,000,000. Disbursements under the EBRD Loan are subject to certain conditions (including observance of covenants) being completed.

The EBRD Loan provides that the final maturity date is 15 November 2025. However, the bank has wide prerogatives to declare the loans immediately due and payable in case of occurrence of an event of default.

The EBRD Loan is secured with (i) a mortgage over certain bank accounts of Premier Energy S.R.L.; (ii) a mortgage over receivables related to gas sales contracts with final customers of Premier Energy S.R.L.; and (iii) a corporate guarantee provided by the Company pursuant to an English law deed of guarantee and indemnity dated 18 November 2022.

The EBRD Loan includes a wide range of undertakings and restrictions (subject to certain exceptions and carve-outs) including, *inter alia*, restrictions on declaring or paying dividends or making any distributions on its share capital, restrictions on the incurrence of additional financial indebtedness (including a restriction from incurring additional indebtedness exceeding, in aggregate, EUR 65,000,000), restrictions on the ability to provide security or guarantees, restrictions on investments, restrictions on disposing of its assets, restrictions on entering into derivative transactions, restrictions on initiating a merger or demerger in connection with the borrower. The finance documents also include, among others, undertakings to observe certain financial ratios, an undertaking to publicly announce, within 2 years of the date of the EBRD Loan agreement, a net-zero target by 2050 and a variety of events of default, including cross default provisions and in the event any change in the direct or indirect legal or beneficial ownership of Premier Energy S.R.L. or the Company occurs (without the prior written consent of EBRD).

*Vista Bank Facility (Ecoenergia S.R.L.)*

On 17 March 2022, Ecoenergia S.R.L. as borrower, Vista Bank (Romania) S.A. ("**Vista Bank**") as mandated lead arranger, agent, security agent, account bank and lender and Credit Agricole Bank Romania S.A. as lender entered into a loan agreement granted for the partial refinancing of an intra-group loan granted by MEF Holdings Limited ("**Vista Facility**"). The Vista Facility provides that the total amount of the loan agreement is EUR 22,000,000 and the final maturity date is 16 March 2029. However, the bank has wide prerogatives to declare the loans immediately due and payable in case of occurrence of an event of default.

The Vista Facility is secured with (i) mortgage over the movable assets of Ecoenergia S.R.L. used in the production of electrical energy (including vehicles, equipment, machinery, wind energy production systems); (ii) mortgage over account banks of Ecoenergia S.R.L. opened with Vista Bank.; (iii) mortgage over immovable assets, including land plots, constructions and superficies rights of Ecoenergia S.R.L.; (iv) a mortgage over a number of 5,826,389 shares in amount of RON 72,829,862.50 (each share in amount of RON 12.50), representing 100% of the share capital of Ecoenergia S.R.L.; (v) mortgage over receivables in connection with commercial contracts, as well as contracts relating to the immovable assets referenced under sub-paragraph (iii) above of Ecoenergia S.R.L.; (vi) assignment of insurance rights and proceeds of Ecoenergia S.R.L.; (vii) promissory note in blank, without protest issued by Ecoenergia S.R.L.; and (viii) a corporate guarantee provided by the Company pursuant to Cypriot law governed guarantee agreement dated 17 March 2022.

The Vista Facility includes a wide range of undertakings and restrictions (subject to certain exceptions and carve-outs) including, *inter alia*, restrictions on the ability to provide security or guarantees or to dispose of assets, restrictions on investments, restrictions on declaring, paying or making dividends or any distributions (without the prior written consent of Vista Bank), restrictions on acquiring any assets, restrictions on offering any of its shares to the public, restrictions on entering into any amalgamation, merger, demerger or other corporate reconstruction, restrictions on incurring or allowing to remain outstanding any financial indebtedness. Furthermore, the Vista Facility includes certain events which would trigger a mandatory prepayment under the facility, including in the case of a change of control. The finance documents also include, among others, undertakings to observe certain financial covenants and a variety of events of default, including cross default provisions.



*Vista Bank Loan (Enex Nalbant Renewable S.R.L.)*

On 28 February 2023, Enex as borrower, Vista Bank as mandated lead arranger, agent, security agent, account bank and lender and Vista Leasing IFN (Romania) S.A. as lender entered into a loan agreement granted for the full refinancing of an intra-group loan provided to Enex by ENEX S.R.L. ("Vista Enex Loan"). The Vista Loan provides that the total amount of the loan agreement is EUR 8,900,000 and the final maturity date is 27 February 2030. However, the bank has wide prerogatives to declare the loans immediately due and payable in case of occurrence of an event of default.

The Vista Enex Loan is secured with (i) mortgage over account banks of Enex opened with Vista Bank; (ii) mortgage over immovable and movable assets, including land plots, constructions and superficies rights of Enex and related rent amounts; (iii) a mortgage over a number of 20 shares in amount of RON 200 (each share in amount of RON 10), representing 20% of the share capital of Enex; (iv) a mortgage over a number of 80 shares in amount of RON 800 (each share in amount of RON 10), representing 80% of the share capital of Enex; and (v) promissory note in blank, without protest issued by Enex.

The Vista Enex Loan includes a wide range of undertakings and restrictions (subject to certain exceptions and carve-outs) including, inter alia, restrictions on the ability to provide security or guarantees or to dispose of assets, restrictions on investments, restrictions on declaring, paying or making dividends or any distributions, restrictions on acquiring any assets, restrictions on offering any of its shares to the public, restrictions on entering into any amalgamation, merger, demerger or other corporate reconstruction, restrictions on incurring any financial indebtedness. Furthermore, the Vista Enex Loan includes certain events which would trigger a mandatory prepayment under the facility, including in the case of a change of control. The finance documents also include, among others, undertakings to observe certain financial covenants and a variety of events of default, including cross default provisions.

*Vista Bank Loan Agreement (Alive Power One)*

On 16 April 2024, AWP1 as borrower, Omnia Capital BV and the Company as guarantors and Vista Bank as lender entered into a loan agreement in relation to a loan granted for the partial financing of an 18 MW wind power plant and re-financing the expenses already incurred with such project ("Vista AWP1 Loan Agreement"). The Vista AWP1 Loan Agreement provides that the total amount of the loan agreement is EUR 13,900,000 and the final maturity date is 15 April 2034. However, the bank has wide prerogatives to declare the loans immediately due and payable in case of occurrence of an event of default.

The Vista AWP1 Loan Agreement is secured with (i) mortgage over account banks of AWP1 opened with Vista Bank; (ii) mortgage over immovable and movable assets, including constructions of AWP1 and related rent amounts; (iii) a mortgage over a number of 70 shares in amount of RON 70 (each share in amount of RON 1), representing 35% of the share capital of AWP1; (iv) a mortgage over a number of 130 shares in amount of RON 130 (each share in amount of RON 1), representing 65% of the share capital of AWP1; (v) mortgage over receivables of AWP1 resulting from the sale of green certificates; (vi) mortgage over movable assets of AWP1 used for the production of electrical energy (including but not limited to equipment, vehicles, machinery, wind energy production systems); (vii) mortgage over receivables of AWP1 resulted from present and future commercial contracts, orders and invoices concluded with its clients regarding the sale of energy; and (viii) promissory note in blank, without protest issued by AWP1.

The Vista AWP1 Loan Agreement includes a wide range of undertakings and restrictions (subject to certain exceptions and carve-outs) including, inter alia, restrictions on the ability to provide security or guarantees or to dispose of assets, restrictions on distributing or paying dividends, restrictions on changes in the headquarters or shareholding structure, restrictions on incurring any financial indebtedness. The finance documents also include, among others, undertakings to observe certain financial covenants and a variety of events of default, including cross default provisions.

*European Bank for Reconstruction and Development Loan Agreement (I.C.S. Premier Energy Distribution S.A.)*

On 2 March 2023 I.C.S. Premier Energy Distribution S.A. contracted a loan from the EBRD of USD 30,000,000 with a maturity date of 2 May 2031 pursuant to a loan agreement governed by English law (the "EBRD Loan Agreement").





The obligations under the EBRD Loan Agreement were secured with the following collateral: (i) pledge over certain bank accounts of I.C.S. Premier Energy Distribution S.A.; (ii) pledge over certain movable assets of I.C.S. Premier Energy Distribution S.A.; (iii) pledge over rights under certain electricity distribution services contracts and (iv) mortgage over certain immovable assets of I.C.S. Premier Energy Distribution S.A.. The same security package was granted to EIB to secure the EIB Finance Contract, as set out in the next section below.

According to the EBRD Loan Agreement, some of the obligations that are set towards I.C.S. Premier Energy Distribution S.A. are of particular significance: (i) the occurrence of any change of control of I.C.S. Premier Energy Distribution S.A. or any change in the direct or indirect legal or beneficial ownership of I.C.S. Premier Energy Distribution S.A. without the prior written consent of EBRD represents an event of default; (ii) I.C.S. Premier Energy Distribution S.A. shall not pay or declare any dividend or make any capital distribution on its share capital, purchase, redeem, or otherwise acquire any shares of its share capital; (iii) I.C.S. Premier Energy Distribution S.A. shall not sell, transfer, lease or otherwise dispose of all or substantial part of its assets.

On and at any time after the occurrence of the event of default, or a breach by I.C.S. Premier Energy Distribution S.A. to comply with its obligations undertaken under the EBRD Loan Agreement, EBRD may declare that all or a part of the loan, together with accrued interests, and all other amounts accrued or outstanding be immediately due and payable.

In addition, the EBRD Loan Agreement contains a significant number of various other customary undertakings and obligations for I.C.S. Premier Energy Distribution S.A., including, among others, obligations to comply with reporting and information provision requirements, conduct of business, use of loan proceeds, negative security, compliance with financial covenants.

#### *European Investment Bank Finance Contract*

On 3 March 2023 I.C.S. Premier Energy Distribution S.A. entered a finance contract with the European Investment Bank (the "EIB") of USD 30,000,000, with a maturity date of up to eight years for each tranche utilised (the "EIB Finance Contract").

The obligations under the EIB Finance Contract were secured with the following collateral: (i) pledge over certain bank accounts of I.C.S. Premier Energy Distribution S.A.; (ii) pledge over certain movable assets of I.C.S. Premier Energy Distribution S.A.; (iii) pledge over rights under certain electricity distribution services contracts and (iv) mortgage over certain immovable assets of I.C.S. Premier Energy Distribution S.A.. The same security package was granted to EBRD to secure the EBRD Loan Agreement, as set out in the previous section above.

According to the EIB Finance Contract, the following obligations are set towards I.C.S. Premier Energy Distribution S.A.: (i) obligation to inform the EIB about any change of control that occurred or is likely to occur in respect of itself (this being deemed a prepayment event); (ii) I.C.S. Premier Energy Distribution S.A. shall not, either in a single transaction or in a series of transactions, dispose of any parts of its assets, except for transactions performed at a fair market value and at arm's length; (iii) I.C.S. Premier Energy Distribution S.A. is limited in its possibility of being a creditor in respect of any financial indebtedness, except as permitted under the EIB Finance Contract; (iv) I.C.S. Premier Energy Distribution S.A. shall not permit any transactions on assets such as the sale or transfer of assets; and (v) I.C.S. Premier Energy Distribution S.A. is under the obligation to inform EIB on any amendment to its charter, or shareholding structure, or change of ownership of 5% and more of its shares, as well as about any change in the list of beneficial owners.

Under the EIB Finance Agreement, on and at any time after the occurrence of a prepayment event of, or a breach by I.C.S. Premier Energy Distribution S.A. to comply with its obligations undertaken under the EIB Finance Contract, EIB may declare that all or a part of the loan, together with accrued interests, and all other amounts accrued or outstanding be immediately due and payable.

#### *MAIB Loan Agreement (I.C.S. Premier Energy Distribution S.A.)*

On 19 May 2022, I.C.S. Premier Energy Distribution S.A. entered into a loan agreement with BC "MAIB" SA of MDL 120,000,000, with a maturity date of 17 May 2024 (the "PED MAIB Loan Agreement").



I.C.S. Premier Energy Distribution S.A. does not intend currently to prolong the PED MAIB Loan Agreement.

I.C.S. Premier Energy Distribution S.A.'s obligations to repay the PED MAIB Loan Agreement were secured with the following collateral: (i) pledges over the assets of I.C.S. Premier Energy Distribution S.A. (i.e. machinery and equipment from the central distribution points), the commercial claims of I.C.S. Premier Energy Distribution S.A. and I.C.S. Premier Energy S.R.L. and funds in the accounts of I.C.S. Premier Energy Distribution S.A. opened with MAIB; and (ii) mortgages over immovable assets of I.C.S. Premier Energy Distribution S.A..

According to the PED MAIB Loan Agreement, some of the obligations that are set towards I.C.S. Premier Energy Distribution S.A. are of particular significance: (i) to inform MAIB about any change of the manager, chief accountant and incorporation documents; (ii) the prohibition of I.C.S. Premier Energy Distribution S.A. to pledge or mortgage its assets without the written consent of MAIB; (iii) the prohibition of I.C.S. Premier Energy Distribution S.A. to pay dividends, if this would affect its payment capacity towards MAIB; (iv) the prohibition of I.C.S. Premier Energy Distribution S.A. to open bank accounts, or to contract credits/loans with banks, other than MAIB and (v) the prohibition for I.C.S. Premier Energy Distribution S.A. to grant loans or act as guarantor for third parties.

On and at any time after the occurrence of the event of default, or a breach by I.C.S. Premier Energy Distribution S.A. to comply with the obligations undertaken under the PED MAIB Loan Agreement, MAIB may declare that all or a part of the loan, together with accrued interests, and all other amounts accrued or outstanding be immediately due and payable.

Under the PED MAIB Loan Agreement, I.C.S. Premier Energy Distribution S.A. is additionally subject of a number of various customary undertakings, obligations and restrictions, including broad information and reporting obligations, as well as conduct of business and use of proceeds obligations. The MAIB Loan Agreement also deems any change of direct or indirect control which, in the opinion of MAIB, could worsen the financial situation of the borrower, as an event of default.

#### *MAIB Loan Agreement (Navitas Energy S.R.L.)*

On 9 February 2023, Navitas Energy S.R.L. contracted a loan agreement from BC "MAIB" SA of MDL 12,317,600 with a maturity date of 31 January 2028 (the "Navitas MAIB Loan Agreement").

To secure this loan, Navitas Energy S.R.L. provided as collateral the pledges over the following assets: (i) universality of movable property – patrimonial rights, including commercial claims of Navitas Energy S.R.L.; (ii) the cash in the accounts of Navitas Energy S.R.L. opened with MAIB; (iii) the letter of guarantee upon first request issued by Joseco Holdings Co Limited to MAIB, valid starting with 1 March 2023, until the pledge over the movable goods purchased using the loan amount granted by MAIB is created; and (iv) the movable goods purchased by Navitas Energy S.R.L. using the loan amount granted by MAIB.

According to the Navitas MAIB Loan Agreement, the following obligations that are set towards Navitas Energy S.R.L. are of particular significance: (i) to inform MAIB about any change of the manager, chief accountant, and incorporation documents; (ii) the prohibition for Navitas Energy S.R.L. to pledge or mortgage its assets without the written consent of MAIB; (iii) the prohibition for Navitas Energy S.R.L. to pay dividends, if this would affect its payment capacity towards MAIB; (iv) the prohibition for Navitas Energy S.R.L. to open bank accounts, or to contract credits/loans with banks, other than MAIB; (v) the prohibition for Navitas Energy S.R.L. to grant loans or act as guarantor for third parties.

The occurrence of any changes (control) in the structure of direct or indirect owners (beneficiaries) of shares in the Navitas Energy S.R.L. share capital, which in the reasonable opinion of MAIB will affect the normal activity of Navitas Energy S.R.L. and its ability to honour its obligations under the Navitas MAIB Loan Agreement is an event of default.

On and at any time after the occurrence of the event of default, or a breach by Navitas Energy S.R.L. to comply with the obligations undertaken under the Navitas MAIB Loan Agreement, MAIB may declare that all or a part of the loan, together with accrued interests, and all other amounts accrued or outstanding be immediately due and payable.



Under the Navitas MAIB Loan Agreement, Navitas Energy S.R.L. is additionally subject of a number of various customary undertakings, obligations and restrictions, including broad information and reporting obligations, as well as conduct of business and use of proceeds obligations.

### **Shareholders' Agreements**

#### *Alive Capital Shareholders' Agreement*

A shareholders' agreement (SHA) was entered on 5 November 2021 between the shareholders of Alive Capital upon the acquisition of the majority participation in Alive Capital by the Company. The SHA has been subsequently assigned to the current shareholders of Alive Capital (the Company, as majority shareholder and Omnia Capital BV, as minority shareholder). The Alive Capital SHA includes, *inter alia*, a series of customary restrictions on the transfer of shares in Alive Capital, such a pre-emption right and a right of first refusal regarding the shares, drag along and tag along rights, as well as certain reserved matters to be unanimously approved by the shareholders. The SHA also includes an undertaking to maintain the CEO of Alive Capital for a period of five years, as well as certain arrangements regarding the dividend policy and a right of first refusal in case any renewable energy projects investment is pursued by the other shareholder.

#### *Energia Mileniului III Shareholders' Agreement*

A shareholders' agreement (SHA) was entered on 2 June 2022 between Premier Energy as majority shareholder and BTG Wide Consulting SRL as minority shareholder in relation to Energia Mileniului III. Energia Mileniului SHA sets out, *inter alia*, a tag along right in case any of the shareholders wishes to sell its shares to a third party and also establishes that certain matters (such as the increase of the share capital, merger or spin-off) can only be decided by the unanimous vote of the shareholders. In case unanimity of votes is not reached in relation to a share capital increase, the shareholders may lend any amount to Energia Mileniului, *pro-rata* with their shareholding, in order to complete the relevant project, such loan being treated as a priority loan.

### **EBRD Framework Agreement**

On or around the date hereof, the Company and the EBRD entered into a framework agreement (the "Framework Agreement") pursuant to which the Company has undertaken to comply with certain environment and social compliance and corporate governance policies and requirements of the EBRD, if the EBRD elects to subscribe for Offer Shares in the Offering. Notwithstanding the Company and EBRD having entered into the Framework Agreement, EBRD is under no obligation to acquire any of the Offer Shares in the Offering and the Company is under no obligation to complete the Offering.



## 20. REGULATORY MATTERS

### Romania

#### *The Energy Sector*

##### *General overview*

The Electric Energy & Natural Gas Law no. 123/2012 (the "**Energy Law**") establishes the regulatory framework for companies that generate electric and thermal power in Romania. The Energy Law adopts the provisions of (i) Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC and Directive 2005/89/EC of the European Parliament and of the Council of 18 January 2006 concerning measures to safeguard security of electricity supply into infrastructure investments, of (ii) Directive (EU) 2019/944 of the European Parliament and of the Council of 5 June 2019 on common rules for the internal market for electricity and amending Directive 2012/27/EU, of (iii) Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, as well as of (iv) Directive (EU) 2019/692 of the European Parliament and of the Council of 17 April 2019 amending Directive 2009/73/EC concerning common rules for the internal market in natural gas. Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency ("**REMIT**") is directly applicable in Romania and pursues the increase of the integrity and transparency of wholesale energy markets, for promoting open and fair competition of the energy wholesale markets, to the benefit of final customers. REMIT prohibits market manipulation and insider trading and introduced the obligation for market participants to disclose in an effective and timely manner inside information which they possess in respect of business or facilities.

On 4 October 2021 the Romanian government approved the National Plan in the Field of Energy and Climate Change ("**PNIESC**"). In line with the "EU Fit for 55" package, the PNIESC details the reforms and policies aimed at achieving decarbonation of the energy system by promoting investments in renewable energy sources and technologies and energy efficiency. This will facilitate the green energy transition. To this end, the Ministry of Energy announced the intention to enact legislation to promote investments in storage capacities for solar, wind and hydro, as well hydrogen production facilities meant to ensure supply of electricity and to ease the balancing of the electricity system.

The European Commission has recommended that renewable energy represents 34% of the energy mix by 2030. The Romanian government's target for this is set at 30.7% by 2030, which corresponds to a commissioning of an additional renewable capacity of 7GW, estimated to cost approximately EUR 22 billion (including investments in grid refurbishments and capacities for gas-fired power facilities). This objective may be achieved by: (i) reinforcing the grid to allow the connection of new capacity as well as of new storage capacity; (ii) developing and operating more storage facilities; (iii) using of technologies of the future, mainly hydrogen; (iv) implementing a "smart grid" system; and (v) developing the existing grid infrastructure with a positive impact on improving access of renewable energy to the grid.

A revised version of the PNIESC has been published by the Ministry of Energy in November 2023, aiming to a 36.2% target of renewable energy in the energy mix by 2030. The final revised version has to be sent to the European Commission by 30 June 2024.

The energy and gas markets in Romania have been gradually liberalised further to Romania's accession to the EU. Liberalisation of the electricity market was fully achieved in January 2021. As regards the natural gas market, the complete liberalisation of the market was achieved in July 2020.

In accordance with the EU legislation, the electricity and natural gas distribution activities must be separated from electricity/natural gas supply or production activities, the holder of an electricity/natural gas distribution license cannot also hold an electricity/natural gas supply or production license in its electricity/natural gas distribution concession area (the "**Unbundling Obligation**"). Such separation of activities must entail the independence of the distribution operator from the activities not related to distribution, at least regarding its legal form, organisation and the decision-making process. In addition, the distribution operators must also observe the requirement to keep separate accounts for distribution activities. The Unbundling Obligation does not create the obligation to separate the ownership over the







assets. The separation of activities is not applicable in case of vertically integrated operators that serve small, isolated systems or that supply less than 100,000 clients.

In order to ensure compliance with the unbundling rules and with the principle of non-discrimination, distribution operators must develop a compliance programme and appoint a compliance officer. Such compliance programme is submitted with the Romanian ANRE which verifies annually the compliance of the distribution operators with the above rules.

The minimum legal criteria to be complied with by the distributors which are part of a vertically integrated undertaking are the following:

- the persons in charge with the management of the distribution system operator must not participate in company structures of the vertically integrated undertaking which are directly or indirectly responsible for the day to day operation of the generation, transmission or supply activities;
- appropriate measures must be taken to ensure that the professional interests of the persons in charge with the management of the distribution system operator are taken into account in a manner ensuring their capability of acting independently;
- the distribution system operator must have effective decision-making rights, independent from the vertically integrated undertaking, with respect to assets necessary to operate, maintain or develop the network; and
- the distribution system operator must implement measures aimed at excluding discriminatory conduct and dissemination of commercially sensitive information.

#### ***Conclusion of PPAs***

For a period of approximately 8 years, Romanian power producers were not able to conclude PPAs off the market e.g., because of a direct negotiation process with a freely chosen buyer. Hence, the producers were obliged to sell the electricity on OPCOM markets to any interested supplier, trader, or final customer (registered on the market) available to purchase it under market conditions and at the prevailing market price at the respective time. This measure had an impact on the development of new renewable projects, as it raised concerns about the predictability of the legislative framework and the stability of the market. Although the Romanian Government decided in 2020 to reintroduce PPAs to stimulate the investments in the energy sector, the PPA restriction was repealed only for projects commissioned after 1 June 2020, not for all existing projects. In order to implement the principle of a completely liberalised energy market in accordance with the European requirements, one of the most significant and long-awaited amendments to the Energy Law allows producers of electricity to conclude PPAs on the wholesale market, outside the markets operated by OPCOM. PPAs may be either financial instruments in order to mitigate the market volatility risk on a long-term, or for physical delivery.

However, OPCOM markets will still be operational and influence the prices and liquidity of electricity, as the electricity producers must trade at least 40% of their production on the bilateral markets operated by OPCOM, other than the Day-Ahead Market, Intra-Day Market and the Balancing Market except for the capacities commissioned after 1 June 2020 which have no such type of restriction.

The possibility to conclude freely negotiated transactions on the wholesale energy market is designed to help secure the financing for energy capacities and is a step forward to ensure that Romania will achieve the national targets regarding renewable energy set for 2030. The Group may conclude bilateral agreements for capacity reservation on the basis of negotiated tariffs, in accordance with competition requirements.

#### ***Impact of enactments regarding measures applicable to final customers in the electricity and natural gas market on the electricity production***

The Romanian Government adopted several enactments starting with October 2021 dealing with the process of holding prices under control and centralised purchase of electricity which concern the electricity generators and suppliers, some of the most important ones are: (i) the Government Emergency Ordinance 118/2021 on establishing a compensation scheme for the electricity consumption and natural gas for 2021-2022 cold season, as well as for amending the Government Ordinance no. 27/1996 on granting facilities to individuals residing or working in certain localities in Apuseni mountains and in the Danube Delta Biosphere Reservation ("GEO 118/2021"); (ii) the Government Emergency Ordinance 27/2022 regarding



the applicable measures to final consumers of electricity and natural gas during 1 April 2022-31 March 2023 ("GEO 27/2022"); (iii) the GEO 119/2022 for the amendment of GEO 27/2022 ("GEO 119/2022"); (iv) Law 357/2022 for the approval of GEO 119/2022 ("Law 357/2022"); (v) the Government Emergency Ordinance 192/2022 for the amendment of GEO 27/2022 ("GEO 192/2022"); (vi) Law 206/2023 for the approval of OUG 153/2022 for the amendment of GEO 27/2022 ("Law 206/2023"); and (vii) Government Emergency Ordinance 32/2024 for the amendment of GEO 27/2022 ("GEO 32/2024").



#### **GEO 118/2021**

On 29 October 2021 the first package of measures aiming to protect the electricity and gas consumers against the increase of electricity prices, was enacted based on Law 259/2021 approving GEO 118/2021.

The measures stated therein aimed to prevent the aggravation of the energy poverty and protect exposed electricity and gas consumers against the effects of the increase of electricity prices based on a compensation mechanism in place from November 2021 to March 2022. In addition to various facilities for electricity consumers, GEO 118/2021 also introduced a windfall tax applicable to electricity producers, which means that by 31 March 2022 any additional income made by such producers and resulting from the difference between the average monthly selling price of electricity and the benchmark of RON 450/MWh, will be taxed at 80%. The windfall tax is deductible for corporation tax purposes.

#### **GEO 27/2022**

On 22 March 2022, the Romanian Government issued GEO 27/2022 aiming to limit the effects of the increase of electricity/natural gas prices for both domestic and industrial consumers. GEO 27/2022 extended the application of the windfall tax between 1 April 2022 and 31 March 2023 to all electricity producers, except for production capacities commissioned after the date of its entry, 1 April 2022. The methodology for calculating the 80% tax on additional income was also established by GEO 27/2022.

The additional income was calculated by multiplying the difference between the average monthly selling price and RON 450/MWh with the monthly quantity of electricity physically delivered. The 80% tax was then applied to that additional income.

#### **GEO 119/2022**

Starting from 1 September 2022, through an amendment brought to GEO 27/2022 by the GEO 119/2022 electricity producers were obliged to pay a contribution to the Energy Transition Fund for the period from 1 September to 31 August 2023. The contribution would be established using the formula of the total delivered quantities multiplied by the difference between the monthly sale price and the reference price (RON 450). The electricity capacities commissioned after the date of entry into force of GEO 119/2022 (1 September 2022) and companies providing public heat services that produce electricity through cogeneration, were excluded from the obligation to pay the contribution.

#### **Law 357/2022**

Following the amendments to GEO 27/2022 enacted on the basis of Law 357/2022 of 16 December 2022 which approved GEO 119/2022, the contribution to the Energy Transition Fund was levied on the electricity producers for the period from 1 September 2022 to 31 March 2025, where the monthly sale price of electricity is higher than RON 450/MWh (the "Reference Price"). The contribution to the Energy Transition Fund is levied where the monthly sale price of electricity is higher than the Reference Price of RON 450/MWh calculated as the difference between the monthly sale electricity price and the Reference Price, multiplied by the monthly quantity of electricity physically delivered from own production and/or transferred from the production portfolio to the supply portfolio where: (a) the monthly selling price of electricity is established by dividing the monthly net revenue by the quantity of electricity physically delivered in the relevant month, where the monthly net revenue is the difference between the monthly revenues and the monthly expenses; and (b) the monthly revenues include: (i) revenues from the sale of physically delivered electricity from own production; (ii) revenues from transferring electricity from the production portfolio into the supply portfolio; and (iii) the monthly expenses include those for: (A) purchasing electricity for trades with physical delivery, including those on the balancing market up to 5% of the value of the electricity with physical delivery from own production; (B) made pursuant to the hedging agreements; and (C) covering the cost of CO2 certificates produced and sold in other conditions than





through the mechanism provided by GEO 27/2022. Expenses for the actual production of electricity are excluded.

This contribution is not applicable to electricity production capacities commissioned after 1 April 2022 and to heat supply companies that produce electricity through cogeneration.

Bilateral contracts concluded by the electricity producers on the wholesale market through direct negotiation must be reported to ANRE within two business days as of their conclusion date.

In the context of the war in Ukraine affecting the supply of electricity to Moldova, the Romanian electricity producers must conclude with priority bilateral agreements for certain available electricity quantities, with electricity traders and suppliers listed by Moldova at a price of RON 450 to which the CO<sub>2</sub> emissions cost is added (as the case may be).

As a measure to ensure the continuity and safety of gas supply, every licensed supplier which has in its own portfolio final consumers, as well as every thermal energy producer in cogeneration plants and in thermal plants for consumption intended for the population as direct customers of natural gas producers ("PETs"), has the obligation to maintain a minimum stock of gas. Romanian ANRE will publish on a yearly basis the level of minimum stock that needs to be reached on a national level for the respective year.

#### **GEO 192/2022**

Another set of amendments to GEO 27/2022 have been enacted pursuant to GEO 192/2022 adopted on 30 December 2022. GEO 192/2022 extended the application of the measures brought by GEO 27/2022, including the payment of the contribution to the Energy Transition Fund, until 31 March 2025.

The Energy Transition Fund contribution is calculated, declared and paid by the issuer on a monthly basis up to and including the 25th of the month following the month for which it is due. The contribution must be paid into a separate cash account in RON opened with the State Treasury units of the competent central tax authorities, coded with the tax identification code of the issuer.

#### **Law 206/2023**

In July 2023, based on the amendments introduced through Law 206/2023, the maximum value of the weighted average price of electricity used to calculate the amounts to be settled from the state budget for electricity suppliers decreased from RON 1,300/MWh to RON 900/MWh.

#### **GEO 32/2024**

The latest amendments to GEO 27/2022 have been enacted pursuant to GEO 32/2024 adopted on 29 March 2024 and the main changes introduced thereby refer to the CEPM which becomes optional from 1 April 2024 until 31 December 2024, after which it will be eliminated; the Reference Price for the centralised purchase of electricity is reduced from RON 450/MWh to RON 400/MWh.

Furthermore, between 1 April 2024 and 31 December 2024, natural gas producers carrying out both onshore and/or offshore extraction activities (irrespective of the date of commencement of such activities) and natural gas sales activities are obliged to deliver, at a price of RON 120/MWh the necessary quantities of natural gas resulting from the current domestic production activity to:

- the suppliers which have final customers in its portfolio, for (i) ensuring consumption needs of the final customers (between 1 April 2024 and 31 March 2025), from current production and from underground gas storage facilities and (ii) establishing the minimum necessary natural gas stock (between 1 November 2024 and 31 March 2025).
- suppliers of thermal energy producers or directly to thermal energy producers, only for the quantity of natural gas used for thermal energy production in cogeneration plants and in thermal plants for consumption intended for the population for meeting the consumption needs (between 1 November 2024 and 31 March 2025), from current production and from underground gas storage facilities.
- the transmission and system operator and to the distribution concessionary to ensure 75% of the quantity of natural gas for technological consumption (TC).





The price of natural gas established between 1 April 2024 and 31 December 2024 may be modified by a Government's decision depending on the developments on the domestic and international natural gas markets and on the geopolitical developments in Romania's immediate vicinity.

***Measures taken to protect the consumers from electricity and natural gas price increases***

Several measures have been taken by the Romanian Government to protect the consumers from increased electricity and gas prices and a final electricity price cap became applicable to electricity consumers as follows:

**Household electricity consumers**

- Maximum RON 0.68/kWh, VAT included, for household consumers in respect of their consumption between 1 September 2022 and 31 December 2022 as long as their average monthly consumption at the place of consumption in 2021 is between 0-100 kWh inclusive.
- The maximum price to be invoiced by the Group is set at RON 0.68/kWh, VAT included, for consumption between 1 January 2023 and 31 March 2025 in respect of the following categories of household consumers:
  - (i) household consumers whose monthly consumption is set between 0 and 100 kWh inclusive;
  - (ii) household consumers residing with individuals using devices, apparatus or medical devices necessary for medical treatments as confirmed by a specialised doctor and detailed in the application submitted to the Group;
  - (iii) household consumers with at least three under aged children in care, based on an application submitted to the issuer; the above age limit is extended until the age of 26 if the child is continuing their education; and
  - (iv) household consumers acting as single parents for at least one underaged child; this age limit is extended to the age of 26 if the child is continuing their education.
- maximum RON 0.80/kWh, VAT included, for household consumers whose average monthly consumption at the place of consumption in 2021 was between 100.01 and 300 kWh, for a maximum monthly consumption of 255 kWh. The electricity consumption exceeding 255kWh/month is invoiced as follows: (a) maximum RON 0.80/kWh VAT included for electricity consumption between 1 January 2023 and 31 March 2025 by the household consumers ranging between 100,01kWh and 255kWh; (b) maximum RON 1.3/kWh VAT included for electricity consumption between 1 January 2023 and 31 March 2025 by the household consumers ranging between 255 kWh and 300kWh/month; (c) maximum RON 1.3/kWh VAT included for electricity consumption between 1 January 2023 and 31 March 2025 by the household consumers exceeding 300 kWh/month.

**Non-household consumers**

- maximum RON 1/kWh for 85% of the monthly electricity consumption at the consumption place, the consumption difference being invoiced at a maximum price of RON 1.3/kWh, VAT included, based on the consumer's affidavit in respect of following categories of non-household consumers:
  - (i) small and medium-sized enterprises as defined by Law 346/2004 regarding the stimulation for the development and setting up of Small and Medium Enterprises;
  - (ii) operators/regional operators defined by article 2 paragraphs g) and h) of Law 51/2006, Metrorex SA, and the airports which are under the coordination of the Ministry of Transport;
  - (iii) economic operators from the food industry, (identified by CAEN code 10), and operators from the agricultural and fishing domains (identified by CAEN Codes 01 and 03);



- (iv) authorities and local public institutions, public services of ministries and of other central authorities, private and public companies of county interest, all private and public institutions that supply a public service if these are set up at a county/city/municipality/county level; and
  - (v) national institutes for research and development as defined by Law 57/2002 regarding scientific research and technological development, as amended.
- Maximum RON 1/kWh VAT included for the entire consumption of public and private hospitals, public and private educational units, nurseries, and private and public suppliers of social services.
  - Maximum RON 1/kWh VAT included for 85% of the monthly consumption achieved at the consumption place for public institutions, other than the ones mentioned in the above paragraph, as well as for religious organisations. The consumption difference being invoiced at the maximum price of RON 1.3/kWh.
  - Maximum RON 1.3/kWh VAT included for all other household or non-household (i.e. industrial consumers) which are not referred to in the above paragraphs.

The retail gas prices have been capped temporarily (until 31 March 2025) in case of household consumers to RON 0.31/kWh, VAT included, and in case of non-household consumers to RON 0.37/kWh, VAT included.

According to the provisions of GEO 27/2022, as further amended, the final invoiced price for electricity and natural gas is set by the Group as a lump sum of the following components:

- The acquisition component established for each applicable month of GEO 27/2022 as a difference between the final invoiced price to its final consumers and the components regarding supply, regulated tariff, VAT, excise duty, and green certificates. For producers that transfer electricity from a production portfolio in the supply portfolio, the supply component, relating to supply agreements for which electricity will be acquired from the market, will be established taking into account only the actual acquisition cost.
- The medium average price is also calculated by the Group for each month of the applicability term of GEO 27/2022 and will include: (1) the value of the electricity acquired through all its PPAs, as well as the transfer value between the production and supply activity for producers supplying electricity to final consumers or; (2) the value of the achieved imbalance but not more than 5% of the electricity/natural gas value provided in limb (1) above.
- The supply component amounting to RON 73/MWh for electricity and RON 15/MWh for natural gas.
- Regulated tariffs established by ANRE in force for the services supplied by the grid/networks operators for electricity/natural gas transport and distribution, including services supplied by the operators of underground gas storage facilities.
- VAT, excise duty, contribution of the support scheme for promotion of high efficiency cogeneration based on the request of usable thermal energy, value of green certificates for the promotion system of electricity production from renewable sources of electricity.

For electricity transferred from the production portfolio to the supply portfolio, the final electricity price is either the contractual price if it is in line with the capped prices applicable to the respective category of electricity consumer or, if the contractual price is higher than the capped price, the latter will be invoiced by the Group.

#### *The Natural Gas Industry*

Regulation (EC) No. 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005 is directly applicable in Romania, together with other regulations enacted at the level of the European Union regulating the natural gas industry.





The Energy Law establishes the general framework of the relevant Romanian natural gas market. The natural gas market is divided into a regulated market and a competitive market. The regulated market is operated for securing the last resort supply of natural gas and covers natural monopoly activities, while the Romanian ANRE is granted prerogatives to impose public service obligations to the participants.

The main participants in the natural gas market are: natural gas producers (entities possessing a petroleum agreement and a license for operating the upstream supply pipelines related to natural gas production); natural gas suppliers (entities possessing a supply license for natural gas); national transmission system operator (the national company SNTGN Transgaz SA – entity possessing a transmission license for natural gas, as well as the concession for natural gas transmission and related public property items); natural gas distributors (entities possessing a license for natural gas distribution, as well as the concession for natural gas distribution); natural gas underground storage operators (entities possessing a storage license, as well as a concession agreement for natural gas storage and related assets); natural gas traders (entities possessing a license for sale and acquisition of natural gas on the wholesale market of natural gas); clients (wholesale, final, or any other entity purchasing natural gas).

The competitive market functions as a wholesale market and as a retail market. On the competitive wholesale market, the prices and quantities of traded natural gas are made public in an aggregated manner for protecting the commercial interests of the economic entities and the parties may conclude agreements, including bilateral agreements, or transactions on the centralised markets. On the competitive retail market, the price for the natural gas traded to final consumers can be negotiated. However, market participants must trade minimum quantities of natural gas on the centralised markets, under the conditions regulated by the Romanian ANRE from time to time.

In the competitive market prices are formed freely, based on demand and supply and competition mechanisms, and on the basis of negotiated contracts. On the retail competitive market, the suppliers are selling natural gas to the final consumers based on negotiated agreements. On the wholesale competitive market, the natural gas is traded between suppliers and producers either based on direct bilateral agreements or based on the agreements concluded on the centralised markets managed by OPCOM or BRM. Trading of natural gas is mainly conducted on BRM and to a lesser extent on the state-owned OPCOM exchange. In this regard, the Romanian ANRE also granted in September 2019 an additional license to operate a centralised gas market to Tradex Platform SRL.

The centralised markets on which gas is being traded have been established and the authorities are keen to encourage trading on these centralised markets in view of increasing the liquidity and the competition in the gas market. To this aim, the following measures have been adopted: (i) between 1 July 2020 and 31 December 2024, all participants in the wholesale natural gas market (except producers whose annual production in the previous year exceeded 3 TWh) have the obligation to offer (i.e., to buy or sell), in a transparent, public and non-discriminatory manner on centralised markets; and (ii) between 1 July 2020 and 31 December 2024, producers whose annual production in the previous year exceeded 3 TWh have the obligation to offer, in a transparent, public and non-discriminatory manner on centralised markets, the sale of 40% of their previous year's recorded gas production (minus technological consumption and internal consumption).

The distribution of natural gas is a service of general public interest and its performance must be concessioned by public tender by the relevant authorities. Distribution operators must pay a royalty under the relevant concession agreement and may be required to invest in extending the natural gas distribution networks in the concession areas. For the procurement of works, goods and services for the performance of the distribution activities, as well as for contracting services for the extension of the distribution networks or for connecting consumers to the grid, the distribution operators must follow competitive, transparent and non-discriminatory procedures, in accordance with regulations approved by the Romanian ANRE, without derogations resulting from the existence of special or exclusive rights.

The underground gas storage activity is a public service, carried out on the basis of standard contracts established by the Romanian ANRE and for regulated tariffs approved by the Romanian ANRE. Underground storage of natural gas plays a major role in ensuring the security of natural gas supply by covering seasonal consumption peaks (e.g., in winter time). At the same time, the storage of natural gas ensures the balance between consumption and domestic production / import and maintains the optimal functioning characteristics of the national natural gas transport system. In order to ensure the continuity and safety of gas supply, every licensed supplier which has in its own portfolio final consumers has the obligation to maintain a minimum stock of gas in the underground storage.





### *The Electric Energy Industry*

Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity is directly applicable in Romania. The electricity market in Romania has a decentralised structure where participants enter into transactions relating to the purchase and sale of electricity. The principles governing the electricity market are: (i) non-discriminatory and regulated access of all participants to the electricity market, (ii) transparency of electricity tariffs, prices and fees, (iii) improvement of the competitiveness of the internal electricity market and (iv) active participation in the formation of both the regional and the internal EU energy market and development of cross-border electricity trading.

According to the Energy Law, the Romanian electricity market is divided into a regulated market and a competitive market. The regulated market includes the last resort electricity supply and the electricity transmission and distribution. The contractual relationships on the regulated market are based on regulated framework agreements and prices / tariffs determined and approved based on ANRE specific procedures. The competitive market includes the sale and purchase of electricity on the wholesale markets managed by OPCOM and the competitive supply of electricity to consumers. Trading on the wholesale competitive market must be transparent, publicly reported, centralised and non-discriminatory. Prices can be negotiated freely by the parties on this market. Currently, the transactions with electricity are concluded only on the wholesale markets operated by OPCOM.

The main participants in the electricity market are: the electricity generators, electricity suppliers (on the wholesale or retail markets), electricity distributors (which might be holders of a concession or not), electricity traders, electricity transmission operators and clients (wholesale or final customers).

Due to differences that can occur between forecasted production of electricity and actual consumption, active balancing is required, which is achieved through the balancing market. Market participants assume a balancing responsibility or transfer this responsibility to another party.

#### *Support scheme through green certificates*

Starting with the entering into force of the Law No. 220/2008 on the promotion of electricity through renewable sources ("**Law 220/2008**"), Romania granted financial support in the form of Green Certificates to RES producers, which remains applicable only for RES power plants commissioned and accredited by ANRE before 31 December 2016. Under such support system, accredited RES producers receive from the national grid operator a number of Green Certificates for a limited period (with the number and period varying depending on the type of renewable source) for a certain quantity of RES electricity produced and delivered into the network, whilst suppliers and producers (other than prosumers and RES producers) must purchase a number of Green Certificates calculated (i) on the basis of the quantity of supplied to final customers (to whom the cost will be ultimately invoiced) or used for own consumption, and (ii) multiplied with the annual compulsory quota set forth by ANRE.

Green certificates may be traded exclusively in a transparent, centralised and/or non-discriminatory manner on the specialised centralised market managed by OPCOM and their price may be set between a minimum of EUR 29.4 and a maximum of EUR 35, calculated in RON, at the average exchange rate established by the National Bank of Romania for the last month of the previous year.

#### *Support scheme through contracts for difference ("CfDs")*

Romania is currently preparing the implementation of the Contracts for Difference ("**CfD**") support scheme for wind and solar technologies as a measure to reduce long term price risk for investors and facilitate financing of renewable energy projects. While the general legal framework proposed to implement the CfD support scheme was adopted through the Government Decision no. 318/2024 ("**GD 318/2024**"), the final terms of the CfD mechanism and the related secondary legislation were not yet adopted by the relevant authorities.

The CfD support scheme was already approved by the European Commission.

GD 318/2024 sets out the regulatory framework required to implement CfDs, including the roles and responsibilities of various institutions, such as the Ministry of Energy, the ANRE, and OPCOM.





The generators of electricity from RES installations are entitled to cover their so-called "negative balance" in settlements with a State-owned entity - OPCOM. The negative balance is the difference between the market price and an agreed 'strike price'. If the market price is below the strike price, the generator is paid the difference. If above, the generator pays back the difference.

The CfD mechanism will be used to provide operating financial aid for eligible low-carbon electricity generation technologies, which will include wind (onshore and offshore), solar photovoltaic, hydro, nuclear, hydrogen, and energy storage. Specific conditions will apply based on technology and capacity.

OPCOM will sign the CfD contracts with the generators and be responsible for the CfD payments.

The CfD Scheme for wind and solar capacities would be organized in two rounds of auctions, each round having distinct auctions for wind and solar projects:

- 1<sup>st</sup> round: 1,000 MW for onshore wind and 1,000 MW for solar photovoltaic in 2024; and
- 2<sup>nd</sup> round: 1,500 MW for onshore wind and 1,500 MW for solar photovoltaic in 2025.

The CfD contractual duration is a 15-year term.

The main eligibility criteria are the following:

- project commissioning date would be set at maximum 36 months after the signing date of the contract;
- grid connection permit will be required for the execution of the CfD contract, but not for submitting the application.

***Available funding through different European mechanisms for the development of energy capacities with a potential impact on the issuer***

PNRR is a tool to assist EU countries in recovering from the economic and social consequences of the coronavirus crisis and to make EU countries economies sustainable, resilient, and better prepared for a green and digital future. In addition to funding available through PNRR, various European funding, detailed below, is available in Romania to implement investments to reach the target established for 2030.

In addition, the Modernisation Fund is a programme aimed at supporting 13 lower-income EU Member States during their transition to climate neutrality by improving energy efficiency and modernising the energy systems. The incomes for the Modernisation Fund derive from auctioning 2% of all the grants granted to the Member States under the EU-ETS mechanism for 2021-2030 period. Romania will benefit from a share of 11.98% of the 2% of the total quantity of grants given to the Member States through the EU-ETS mechanisms.

On 9 May 2022, the Government Emergency Ordinance No. 60/2022 approved the implementation of the funding made available to Romania from the Modernisation Fund allocated to priority sectors such as renewable sources of energy, storage, energy infrastructure, high efficiency cogeneration and production of green hydrogen, in line with the Communication of the European Commission - 2022 Guidelines regarding state aid for climate, environmental protection and energy (2022/C80/01).

***Licensing and authorisation requirements in the electricity and/or natural gas sectors***

In order to participate on the electricity and/or natural gas markets in Romania, an entity must obtain certain authorisations and/or licenses issued by the Romanian ANRE (except for several cases provided by the Energy Law) under the Regulation for granting licenses and authorisations in the electricity sector issued on 4 March 2015, as further amended, and the Regulation for granting set-up authorisations and licenses in the natural gas sector issued on 28 October 2020.

The main licenses and authorisations required for Romanian electricity participants include:

- the set-up authorisation – required for the construction of an electricity production facility if the installed capacity is higher than 1 MW;



- the commercial exploitation license – required for the generation of electricity, which also permits trading the electricity generated by the facility on the open market;
- the distribution license – required for the distribution of electricity through the distribution networks to final consumers;
- the trading license – required for trading electricity on the open market;
- the supply license – for selling electricity to final consumers;
- the transportation license – for ensuring the transmission of electricity to final consumers or distributors through the National Transmission System;
- aggregation activities authorisations; and
- the storage license – for both stand-alone storage capacities and for storage capacities which are added to electricity generation facilities.

Similarly, the main licenses and authorisations required for Romanian gas market participants include:

- the set-up authorisation – required for new upstream pipelines auxiliary to the production of natural gas, transmission, storage or distribution systems;
- the exploitation license – required for liquefied natural gas terminals;
- the distribution license – required for the distribution of natural gas through the distribution networks to final consumers;
- the trading license – required for trading natural gas on the open market;
- the supply license – for selling natural gas to final consumers;
- the transportation license – for ensuring the transmission of natural gas to final consumers or distributors through the National Transmission System;
- commercial exploitation licence – for production of hydrogen; and
- the storage license – for operating the natural gas storage systems.

In principle, the validity period of licenses is of maximum 25 years, except for the electricity supply licenses electricity trading licenses and the licenses for the aggregation activities, which may only be granted for a period of up to 10 years, and of natural gas transmission and distribution licenses, which are valid during the entire duration of the concession agreement. The validity period of a set-up authorisation is established by the Romanian ANRE, in case of electricity generation facilities, depending on the duration necessary for the execution of the related installation and operation works, considering also the deadlines mentioned in the documentation submitted by the applicant in this respect, and in case of new upstream pipelines auxiliary to the production of natural gas and natural gas transmission, storage or distribution systems, subject to the validity of the relevant concession agreements.

The applicable regulations set out the documentation to be prepared and criteria to be met by each applicant/project for each category of licenses and authorisations, as well as the conditions the Romanian ANRE must observe for granting, updating, suspending, withdrawing or refusing to grant or update licenses and authorisations. As regards the gas distribution license, one prerequisite is that having a concession agreement in place for the relevant distribution network is required.

The holder of an authorisation/license must notify ANRE at least 120 days before the date of any merger, division, transformation, as well as any operations having the following consequences:

- the assets for the activities comprised by the respective authorisation and/or license will be transmitted to another person;
- the value of the existing share capital is reduced, in one tranche or in aggregate by at least 5%. The existing share capital of the holder of the authorisation/license means the initial share capital at the



date of the issue of the authorisation/license or the existing share capital at the date of the last modification, obtained through share capital increases or decreases of the initial share capital, undertaken after the issue of the authorisation/license, in accordance with the associated conditions of the authorisation/license;



- the concession agreement(s) for the natural gas transmission, storage and distribution, the agreements for providing the public service of natural gas distribution concluded with local authorities, assimilated to the concession agreements, or the oil agreement(s) will be transmitted to another person;

Furthermore, the amended distribution license needs to be amended whenever a new concession agreement for the gas network is concluded.

An authorisation/license may be suspended or revoked, mainly for failure to comply with the obligations according to the applicable laws or for non-compliance with the associated conditions of the said authorisation/license.

#### ***Energy Efficiency***

Energy Efficiency Law No. 121/2014 transposes into Romanian law Directive No. 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives No. 2009/125/EC and 2010/30/EU and repealing Directives No. 2004/8/EC and 2006/32/EC.

With the enactment of the Government Emergency Ordinance No. 112/2022 regarding the measures to stimulate investments from non-reimbursable external funds in the field of energy efficiency and renewable sources for large, small and medium enterprises, green energy from renewable sources for public authorities as well as some measures from the field of intelligent specialisation ("**GEO 112/2022**"), Romania is allocating grants to companies to implement energy-saving measures and to produce green energy for its own consumption. As such, the grants will have a minimum value of EUR 50,000 and a maximum value of EUR 500,000 except for the grants allocated under the minimis scheme which will have a maximum value of EUR 200,000.

#### ***Networks Security***

According to Government Emergency Ordinance No. 98/2010 on the identification, assignment and protection of critical infrastructure, the capacities for production, distribution, treatment, storage and transport of natural gas may be considered critical infrastructure, namely infrastructure that is essential for maintaining vital community functions and the disturbance or destruction of which would have a significant impact on maintaining their respective function. Such capacities have been identified by Government Decision No. 1198/2012, as further amended, but the information is classified. The operators of critical infrastructure have specific obligations and may incur certain costs in fulfilling such obligations.

In addition, Directive No. 2016/1148/EU of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union (the "**NIS Directive**") requires essential service operators within critical infrastructure sectors, such as energy suppliers (including the relevant entities in the Group), to carefully review existing network security mechanisms, to implement state-of-the-art security measures which will ensure a level of security for their infrastructure appropriate to the risk of the respective entity, as well as to establish proper notification measures to promptly notify the competent authority of any incident which has a substantial impact on the services offered in the European Union. In January 2023, Directive (EU) 2022/2555 came into effect ("**NIS 2**"). This should be transposed in national legislation by 17 October 2024. In essence, NIS 2 is an amended version of the original NIS Directive and aims to solve the deficiencies therein and widen its scope as regards security requirements and covered entities and sectors. NIS 2 improves security measures and incident reporting procedure and imposes stricter measures and sanctions.

The NIS Directive has been implemented in Romania by Law No. 362/2018 for securing a high common level of security of network and information systems, which imposes obligations on operators of essential services, including, among others, natural gas suppliers and distributors, to perform an internal analysis to determine whether essential services are performed. If the service is determined as essential, the entity must notify the National Cyber Security Directorate (in Romanian "Directoratul Național de Securitate Cibernetică – DNSC", the designated national competent authority that operates under the authority of the





Ministry of Communications and Information Society), which, following its own assessment, may list the entity in the Registry for Operators of Essential Services (ROSE), which is a classified document. The listing of an entity in ROSE entails obligations to comply with security requirements and instructions related to network and information systems used in its activity and to notify the relevant national authorities about serious incidents, as well as reporting obligations. Law No. 362/2018 provides for a wide range of violations that may represent misdemeanours, the fines being set between specific thresholds of RON 3,000 and RON 100,000. For companies with a turnover higher than RON 2 million (approximately EUR 400,000), the law provides fines amounting of 0.5% up to 5% of their annual turnover, in case of repeated breaches.

In addition, as an operator of essential services, the Group would also fall under the provisions of Law No. 58/2023 regarding the cyber security and defence of Romania, for which secondary legislation is currently pending.

#### ***Foreign Exchange***

The Romanian foreign exchange regime is regulated by the National Bank of Romania Regulation No. 4/2005, republished in the Official Gazette on 6 September 2007, which established the full liberalisation of foreign exchange operations from 1 September 2006. However, if significant short-term currency inflows were to put significant pressure on the foreign exchange market and seriously affect the National Bank of Romania's monetary and foreign exchange policies with a significant effect on internal liquidity, the National Bank of Romania may enforce certain safeguard measures on capital movements, for a period not exceeding six months, including: (i) temporary withholding of incoming and/or outgoing foreign currency amounts; (ii) maturity restrictions; (iii) minimum reserve increases; and (iv) trading fees.

#### ***Data Protection***

In its normal course of business, the Group collects personal data from its employees and customers. Processing of personal data is mainly regulated by the Regulation (EU) No. 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (the "GDPR"), Law No. 190 dated 18 July 2018 on measures for the implementation of the GDPR and Law No. 506 of 17 November 2004 on the processing of personal data and the protection of privacy in the electronic communications sector, as subsequently amended (the "ePrivacy Law"). The processing of personal data is also subject to the decisions, opinions, guidelines, recommendations and best practices, etc. issued by the European Data Protection Board and, in Romania, by the National Authority for the Supervision of Personal Data Processing ("ANSPDCP").

Considering its operations abroad, the Group may also be subject to the data protection legislation, or to the jurisdiction of supervisory authorities competent in countries other than Romania.

In general, the collection and processing of personal data should be performed for specified, explicit and legitimate purposes. The law imposes controllers as well as processors, among others, obligations to inform the data subjects about their personal data that are processed, the purpose, limitations and duration of such processing, to maintain the security of the data they process, and to notify the supervisory authority or the data subjects of data security breaches.

Failure to comply with the legal requirements relating to personal data processing constitutes an administrative offense unless committed under such conditions as to constitute a criminal offense and may trigger fines up to EUR 20 million or 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher, depending on the type of infringement. However, the ANSPDCP may apply sanctions such as warnings and may also impose specific measures to be taken by the infringer to remedy the consequences of an infringement.

When carried out for marketing purposes and via public electronic communication services, the processing of personal data is also regulated by the provisions of the ePrivacy Law, in addition to the GDPR. The processing of personal data for marketing purposes without observing the relevant provisions in the ePrivacy Law may constitute an administrative offence and trigger the application of a fine of up to 2% of the total turnover of the data controller (for companies with a turnover exceeding RON 5,000,000, approximately EUR 1,000,000).



In addition to the abovementioned sanctions, individuals are entitled to compensation for material or non-material damage suffered as a result of an infringement of the data protection legislation. Contractual partners of the infringer or other entities may also be entitled to compensation or other civil remedies.



#### ***Competition and consumer protection***

Competition Law No. 21/1996, republished in the Official Gazette on 29 February 2016, as further amended, aims to protect, maintain and stimulate the competition and a normal competitive environment in order to promote consumers' interests. The law defines the rules applicable to anticompetitive practices, such as agreements between undertakings or practices which restrict or distort competition, the abuse of dominant position and the control of economic concentrations. The Romanian Competition Council is the regulatory authority in charge with the application of Competition Law in Romania, with the observance of the prerogatives of the European Commission in what concerns the application of competition legislation at the level of the European Union. In addition, criminal authorities may investigate and sanction criminal offences related to the infringement of Competition Law (such as bid rigging or cartels).

Government Emergency Ordinance No. 170/2020 on actions for damages for infringements of the competition law provisions and on amending Competition Law No. 21/1996, implementing Directive No. 2014/104/EU of the European Parliament and of the Council on certain rules governing actions for damages under national law for infringements of the competition law provisions of the Member States and of the European Union. This Directive sets out certain rules necessary to ensure that anyone that has suffered harm caused by an infringement of competition law by an undertaking or by an association of undertakings can effectively exercise the right to claim full compensation for that harm from that undertaking or association.

Law No. 11/1991 regarding unfair competition, published in the Official Gazette on 30 January 1991, as further amended, provides for the general framework legislation regarding the protection of fair competition, fair practices and general principle of good faith, to the best interest of the involved parties, including for the protection of consumers' interests. Similar with other EU jurisdictions, the Romanian Competition Council is the regulatory authority in charge with the application of this law.

Government Ordinance No. 21/1992 on consumers' protection, republished in the Official Gazette dated 28 March 2007, sets out the main rules and principles regarding consumers' protection, such as the protection of consumers' life, health and security and the protection of their economic interests. The law defines certain principles with respect to the information which must be delivered to consumers regarding the products placed on the market and appoints the National Authority for Consumer Protection as the main authority regarding consumer protection.

Law No. 363/2007 for fighting against unfair practices of sellers towards consumers and harmonisation of regulations with the European legislation on consumer protection, published in the Official Gazette on 28 December 2007 regulates the commercial practices which can harm the economic interests of consumers. The law defines incorrect commercial practices, deceiving commercial practices, aggressive commercial practices and appoints the National Authority for Consumer Protection as the competent authority to investigate, control and impose sanctions in case the provisions of the law are breached.

#### ***Fire safety regulations***

Law 307/2006 regarding fire safety, republished in the Official Gazette on 17 April 2019, sets out the main rules and regulations regarding firefighting and the obligations of legal entities and their representatives in this field, such as to obtain a fire safety endorsement for the development of certain constructions or to obtain and maintain valid fire safety authorisations for the locations where economic activities are performed if certain conditions are met. The type of constructions which trigger the requirement to hold fire safety permits are listed in Government Decision No. 571/2016 for approving the categories of constructions and premises subject to fire safety endorsements and/or authorisations.

#### ***Environmental Regulations***

##### ***General rules***

According to the provisions of the Emergency Government Ordinance No. 195/2005 regarding environmental protection (the "Environmental Law"), public authorities for environmental protection are responsible for (i) authorising economic and social activities that impact the environment and (ii) issuing





environmental authorisations, approvals and endorsements. Environmental authorisations are mandatory for certain activities where the potential environmental impact is listed by the relevant legislation. The environmental authorisations set out the conditions and/or operating parameters of such activities. Once issued, ordinary environmental authorisations remain valid for as long as the beneficiary obtains an annual visa confirming that the beneficiary continues the activity under the same conditions and that no changes intervened to the activity which would entail amendments to the authorisation. Environmental approvals must be obtained for new public or private investment projects or for those that modify existing projects related to activities that have a significant impact on the environment. The environmental endorsements must be obtained for the adoption of plans or programmes and confirmation of the integration of environmental protection aspects into the plan or programme subject to adoption. The environmental approvals and endorsements are valid during the development of the project or of the plan or programme for which they were issued. Environmental authorities monitor compliance with previously granted authorisations, approvals and endorsements, which may be suspended for compliance failures. A company whose authorisation or approval has been suspended is given up to six months to bring its operations into compliance, otherwise the environmental authority may order the cancellation of the authorisation or approval and cessation of the respective project or activity.

Order No. 1798/2007 approving the procedure for issuing environmental permits, published in the Official Gazette on 27 November 2007, as further amended, sets out the types of activities for which the issuance of an environmental authorisation is required and the steps, timeline and necessary documentation which must be submitted.

#### *Regulations relating to measures for preventing and covering environmental prejudice*

Emergency Government Ordinance No. 68/2007 pertaining to environmental liability with respect to the prevention and covering of environmental prejudice, established that (a) operators in Romania are objectively liable for all damages caused to the environment, including to land, water and air, in case of any pollution situation, and (b) the operator must bear all costs related to such pollution situations, except in cases (i) where the prejudice is caused by a third party and occurred despite the fact that appropriate safety measures were in place, (ii) where the operator's production resulted from compliance with a mandatory order or instruction from a public authority, other than an order or instruction made as a consequence of an emission or incident caused by the operator's own activities, (iii) involving any activity for which it was technically impossible to foresee the damage or (iv) of an emission or any specifically authorised event carried out fully in accordance with the conditions of the authorisation in force at the date of the emission or event. This ordinance transposed Directive No. 2004/35/EC of the European Parliament and of the Council of 21 April 2004 on environmental liability with regard to the prevention and remedying of environmental damage.

#### *Regulations relating to waste management*

Government Emergency Ordinance No. 92/2021 on waste management, published in the Official Gazette on 26 August 2021, defines the operator's obligations for ensuring a high level of environmental protection and the safety of the public's health by preventing or reducing the adverse impact of waste generation and efficient management of waste, reducing the adverse impacts determined by the generation and management of waste and by reducing overall impacts determined by the use of resources and improving the efficiency of such use. This ordinance was adopted to transpose the Directive No. 2008/98/EC on waste and repealing certain Directives, as amended by Regulation (EU) No. 1357/2014, by Directive (EU) 2015/1127, by Regulation (EU) No. 2017/997 and by Directive No. 2018/851. Pursuant to the law, waste management must be carried out without endangering human health, without harming the environment and, in particular, it must not: (i) cause any risk to water, air, soil, fauna or vegetation; (ii) cause noise pollution or unpleasant smell, and (iii) negatively affect the countryside or places of special interest.

#### *Regulation regarding electric and electronic equipment waste*

Government Emergency Ordinance No. 5/2015 regarding electric and electronic equipment waste defines the rules for the collective selection, adequate treatment, recycling, reuse, valorisation of electric and electronic waste. This Government ordinance was adopted to transpose the provisions of Directive No. 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE).



#### *Regulations relating to prevention of pollution of soil and subsoil*

Law No. 74/2019 on the management of contaminated and potentially contaminated areas, published in the Official Gazette on 3 May 2019, provides that the operator has the obligation to complete and file reports for the identification of possible contaminated sites upon a request from the competent local environmental authority and that the polluter is obliged to bear all costs related to the remediation of the contaminated areas subject to feasibility studies and remediation measures.



#### *Regulations relating to the assessment of environmental plans or programmes*

Government Decision No. 1076/2004 regarding the establishment of procedures for evaluation of the environmental plans or programmes, published in the Official Gazette on 5 August 2004, as amended, sets out the steps for evaluation of environmental plans or programmes that may have material effects on the environment. This decision was introduced into Romanian legislation to transpose Directive No. 2001/42/EC relating to the evaluation of the effects of environmental plans or programmes on the environment.

Law No. 292/2018 on the assessment of the impact of certain public and private projects on the environment, published in the Official Gazette on 10 December 2018, sets out the procedure for the assessment of the impact that projects may have over the environment and the process for the issuance of an environmental approval. It transposes into national law Directive No. 2011/92/EU of the European Parliament and of the Council of 13 December 2011 on the assessment of the effects of certain public and private projects on the environment.

#### *Regulations relating to public access to environmental information*

According to Government Decision No. 878/2005 regarding public access to environmental information published in the Official Gazette on 22 August 2005, companies holding environmental authorisations must continuously disclose certain environmental information to the public. This decision was adopted into Romanian law to transpose Directive No. 2003/4/EC pertaining to public access to environmental information.

#### *Regulations relating to major accidents caused by dangerous substances*

Law No. 59/2016 on the control of major accident hazards involving dangerous substances establishes measures for preventing major accidents involving dangerous substances in order to limit the consequences on human health and environment and to ensure a high level of protection, in a coherent and effective manner. This law transposes Directive No. 2012/18/EU of the European Parliament and of the Council of 4 July 2012 on the control of major-accident hazards involving dangerous substances, amending and subsequently repealing Council Directive No. 96/82/EC.

#### *Regulations relating to the Environmental Fund*

Emergency Government Ordinance No. 196/2005, published in the Official Gazette on 13 December 2005, as amended and supplemented, provides for the obligation of operators to make certain contributions to the Environmental Fund, depending on the sources of pollution regulated therein. The Environmental Fund is an instrument designed to implement environmental protection projects and programmes, the contribution of economic operators thereto being based, among others, on taxes charged for sales of waste, emissions of polluting substances into the atmosphere, the quantity of hazardous substances placed on the Romanian market or fees for the issuance of the environmental permits.

#### *Declaration on environmental issues affecting utilisation of the tangible fixed assets*

Other than the aspects described in this Sub-section *Environmental Regulations* of the *Regulatory Matters* Section and anywhere else in this Prospectus, the Group is not aware of any environmental issues that may affect the Group's utilisation of the tangible fixed assets.

#### *Labour health and safety*

Law No. 319/2006 on labour health and safety together with its application norms create the general framework in relation to an extensive number of obligations in relation to labour health and safety which Romanian companies must comply with. Most important obligations related to labour health and safety





include: (i) taking appropriate measures and appointing a responsible persons for labour health and safety and for first aid and firefighting activities; (ii) the evaluation of the professional risks and the elaboration of a prevention and protection plan; (iii) the initial and periodic training of employees; (iv) the inclusion in the job description of each employee their responsibilities in relation to labour health and safety; (v) supervision of the health of employees; (vi) comply with rules of reporting and investigation of work accidents. Failure to comply with the relevant health and safety obligations can result in fines imposed by the authorities and requests for damages from the employees or other assimilated individuals. If the breach of a labour health and safety obligation has created an imminent danger of working accidents or professional illness, criminal liability can be triggered.

#### **Market abuse rules**

Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "**Market Abuse Regulation**") provides for specific rules intended to prevent market abuse, such as prohibitions on insider dealing, the unlawful disclosure of inside information and market manipulation. The Company, the members of the Board of Directors and other insiders and persons performing or conducting transactions with the Company's financial instruments, as applicable, will be subject to the insider trading prohibition, the prohibition on divulging insider information and tipping, and the prohibition on market manipulation. In certain circumstances, the Company's investors may also be subject to market abuse rules.

Inside information is any information of a precise nature relating (directly or indirectly) to the Company, or to the Shares in the Company or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the Shares or the other financial instruments or on the price of related derivative financial instruments. Information required to be disclosed according to REMIT is considered inside information.

#### **Moldova**

##### **Energy Sector**

*Energy Law no. 174 dated 21 September 2017, published in the Official Gazette of 20 October 2017* ("**Energy Law**") represents the general regulatory framework for the organisation, regulation, and efficient and safe operation of the energy industry of Moldova, including the following sectors: electro energetic, thermo-energetic, natural gas, petroleum products, solid and liquid fuel. Each of the energy sectors is subsequently regulated by sectorial laws.

The Energy Law transposes certain provisions of the Regulation (EU) No 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the governance of the Energy Union and climate action, amending Regulations (EC) No 663/2009 and (EC) No 715/2009 of the European Parliament and of the Council, Directives 94/22/EC, 98/70/EC, 2009/31/EC, 2009/73/EC, 2010/31/EU, 2012/27/EU and 2013/30/EU of the European Parliament and of the Council, Directives 2009/119/EC and (EU) 2015/652 of the Council and repealing Regulation (EU) No 525/2013 of the European Parliament and of the Council, published in the Official Journal of the European Union L 328 of 21 December 2018, in the version adapted and approved by the Ministerial Council Decision of the Energy Community No. D/2021/14/MC-EnC; and Regulation (EU) No 347/2013 of the European Parliament and of the Council of 17 April 2013 on guidelines for trans-European energy infrastructure, repealing Decision No 1364/2006/EC and amending Regulations (EC) No 713/2009, (EC) No 714/2009 and (EC) No 715/2009, published in the Official Journal of the European Union L 115 of 25 April 2013, in the version adapted and approved by Ministerial Council Decisions of the Energy Community No. D/2015/09/MC-EnC and No. 2021/11/MC-EnC, considering the provisions of Regulation (EU) 2022/869 on guidelines for trans-European energy infrastructure, amending Regulations (EC) No 715/2009, (EU) 2019/942 and (EU) 2019/943 and Directives 2009/73/EC and (EU) 2019/944 and repealing Regulation (EU) No 347/2013.

The Energy Law stipulates general rules on organisation, functioning and operation of the Moldovan ANRE (the National Agency for Energy Regulation of Moldova, having its official website at <https://www.anre.md/en/>); state energy supervision; organisation and development of activities in energy sectors; energy metering; security and protection of energy infrastructure, consumers protection.





The Energy Law also determines the general principles of business operation in the energy sector, which are applicable also to the Moldovan subsidiaries of the Group, including *inter alia* that all energy sectors undertakings shall perform their operating activities according to the principal of economic efficiency, in compliance with quality parameters and indicators established by law.

The Energy Law also prohibits public authorities to interfere in the activity of energy sectors undertakings, to distract their employees from the performance of their job responsibilities, to interfere in the contractual relations between undertakings and their consumers, system users, except when legislation provides otherwise. Moldovan ANRE or other public authorities' measures taken according to legislation, including for the purposes of licensing, authorisation, monitoring and supervision of activities performed by energy sectors undertakings are not considered as an inadmissible interference by public authorities.

*Law on electricity no. 107 dated 27 May 2016 published in the Official Gazette of 8 July 2016 ("Electricity Law")* was approved in the result of Third Energy Package transposing into the Moldovan legislation.

Under the Electricity Law, the electricity market in Moldova has a decentralised structure where participants enter into transactions relating to the purchase and sale of electricity.

According to the Electricity Law, the Moldovan electricity market is divided into (i) electricity market at regulated prices and (ii) electricity competitive market.

Electricity market at regulated tariffs/prices includes the supply of electricity to universal service, the last resort electricity supply and the electricity transmission and distribution as well as other specific activities set by Electricity Law. The contractual relationships on the regulated market are based on tariffs/prices determined and approved based on Moldovan ANRE specific procedures.

The competitive market includes the sale and purchase of electricity on the wholesale and retail markets. Trading on the wholesale market is regulated by the *Electricity Market Rules approved by the Resolution of the Moldovan ANRE no. 283 dated 7 August 2020, published into the Official Gazette on 2 October 2020*. The procedure for procurement of Electricity which is mandatory for regulated entities (network operators and regulated suppliers) is part of the Electricity Market Rules (Annex 1 to the Electricity Market Rules), and is in force since 1 January 2021.

The retail market is generally also part of the electricity competitive market, where prices can be negotiated freely by the parties on the market, however in certain cases ANRE imposes the obligation to provide electricity at a regulated price. All customers are formally eligible, and able to choose who provides them with electricity and rules for switching the electricity supplier, aiming to simplify the procedure were approved by Moldovan ANRE, by *Resolution no. 126 dated 14 May 2020 on approval of Regulation on electricity supplier switching procedure, published into the Official Gazette of 20 June 2020*.

In December 2023, the Moldovan Parliament adopted an amendment to the Law on Electricity that incorporates essential components of the *acquis*, reaffirming Moldova's commitment to integrating into the European energy market. In particular, the amended law outlines the procedures for designating the Nominated Electricity Market Operator (NEMO), specifying criteria and regulatory responsibilities in line with the Electricity Integration Package.

Additionally, amendments to the Electricity Law align with the EU Regulation on Energy Market Integrity and Transparency (REMIT) for the electricity sector. The implementation of REMIT is crucial in preventing market manipulation and promoting energy market efficiency, ultimately benefiting consumers through fair pricing and a reliable energy supply.

#### *Licensing requirements in the energy sector*

To participate on the electricity market in Moldova, an entity must obtain certain licenses issued by the Moldovan ANRE under the Electricity Law.

The main licenses required for Moldovan market participants include:

- electricity production license;
- electricity market operation license;



electricity transportation license;

- license for centralised management of electro energetic system;
- electricity distribution license, and
- electricity supply license.

The validity period of licenses is of 25 years, except for the electricity supply license and electricity market operation licenses, which may only be granted for a period of 10 years.

Electricity Law and the regulations of the Moldovan ANRE set out the documentation to be prepared and criteria to be met by each applicant/ project for each category of licenses and authorisations, as well as the conditions the Moldovan ANRE must observe for granting, updating, suspending, withdrawing, or refusing to grant or update licenses.

*Law on the promotion of energy from renewable sources no. 10 of 26 February 2016 ("Renewables Law")* partially transposes Directive (EU) 2018/2001 of the European Parliament and of the Council, concerning the promotion of energy from renewable sources (recast), as published in the Official Journal of the European Union L 328 of December 21, 2018, in the version adapted and approved by Ministerial Council Decision of the Energy Community no. 2021/14/MC-EnC.

The Renewables Law aims to establish a legal framework to promote the use of energy from renewable sources and to set national targets for the share of energy from renewable sources in gross final energy consumption. It also includes targets for gross final energy consumption for heating and cooling, as well as the share of energy from renewable sources in final energy consumption in the transport sector.

The Renewables Law sets out rules regarding support schemes, guarantees of origin, applicable administrative procedures, the use of electricity from renewable sources for own consumption, regional cooperation, access of energy producers from renewable sources to networks, and other necessary measures to promote and achieve a higher consumption of energy from renewable sources in the national economy. It regulates the principles and objectives of state policy in the field of energy from renewable sources, ways to achieve national objectives, conditions for integrating renewable energy sources into the national energy system, conditions for the production, transport, distribution, and sale of electricity from renewable sources, biogas, and biofuels, support schemes for the exploitation of renewable energy sources, methods of informing about renewable energy sources, main directions of collaboration in the field.

#### *Energy Efficiency*

*Energy Efficiency Law no. 139 dated 19 July 2018 published into the Official Gazette of 17 August 2018* transposes Directive 2012/27/EU of the European Parliament and of the Council of 25 October 2012 on energy efficiency, amending Directives 2009/125/EC and 2010/30/EU and repealing Directives 2004/8/EC and 2006/32/EC. The law regulates the activities aimed at improvement of production, transport, distribution, and use of electricity, for the purpose of enhancing the energetic security of Moldova and diminishing the negative impact of energy sectors on the environment and climate by way of reduction of greenhouse gas emissions.

#### *Screening of investments on electricity market*

*Law on the Mechanism of Examination of the State Security Important Investments no. 174 dated 11 November 2021 published into the Official Gazette of 19 November 2021* identifies the operation of energy infrastructure as one of the areas important for the State Security and impose certain prohibitions and restrictions for individual and legal entities to invest in these areas. The Law creates a mechanism that: (i) prohibits certain individuals or legal entities to invest in the field of energy infrastructure operation in Moldova; or (ii) requires prior approvals of investments of certain thresholds in the field of energy infrastructure operation in Moldova.



The Law prohibits any investments in energy infrastructure operation to individuals and/or legal entities of Moldovan or foreign residents who:



- (a) are residents (including their beneficial owners) of jurisdictions that do not implement international standard of transparency. The list of jurisdictions, that do not implement international transparency standards, is to be approved by the Government of Moldova;
- (b) have been involved in money laundering and financing of terrorism activities;
- (c) have been involved in activities affecting the State security or public order and did not comply to their contractual obligations under concession agreements, private-public partnership agreements, investment agreement of state importance;
- (d) could be involved in illegal or criminal activities;
- (e) have or had in the past connections with state authorities from other countries or with individual or legal entities that increases the risk or represents a threat for the State security of the Moldova;
- (f) have or had in the past connections with criminal groups, special services or groups from foreign states connected to international terrorist organisations, or persons suspected to be part to such organisations, if it increases the risk or threatens the State security of the Moldova;
- (g) have been convicted for corruption or money laundering and financing of terrorism activities;
- (h) are under criminal investigation for severe crimes.

The Law also creates the mechanism of mandatory prior approval of investments in the energy infrastructure operation by the Council for the Promotion of Investment Projects of National Importance (the "Council").

In particular, the prior approval of the Council is requested for the following transactions:

- (a) Holding of direct or indirect control in legal entities in the area of energy infrastructure operation is subject to the Council's prior approval. For the purposes of the Law, control exists when an individual or legal entity corresponds to at least one of the following conditions: 1.) holds, alone or together with persons acting in concert, the majority of the voting shares; 2.) holds, alone or together with persons acting in concert, a number of voting shares that allows to appoint or remove the majority of the members of the supervisory body (council), the executive body or the majority of the members of the executive body and / or the censor or the majority of the members of the audit committee; 3.) exercises a dominant influence over a legal entity of which it is a member, on the basis of a contract concluded with the legal person concerned or of a clause in the deed of incorporation or in the charter of the legal person; 4.) is a member of a legal entity and controls alone, based on an agreement concluded with other members of the legal entity concerned, the majority of voting rights.

Control is also presumed when the majority of the members of the supervisory board of the entity has been appointed by the vote of a member of the legal entity during 2 (two) successive financial years. That member shall be deemed to have voted for these nominations if, during the financial year in question, it directly or indirectly held more than 40% of the voting rights and if no other member directly or indirectly holds a higher share in the total voting rights.

- (b) Acquisition or increase of qualified participation in the form of shares in the share capital of a legal entity in energy infrastructure operation. Qualified participation is defined by the Law as the direct or indirect holding of **at least 10%** in the share capital or voting rights of a legal entity or holding of powers allowing to influence the administration of the legal entity upon the decision-making process in the general meetings of shareholders or managing body, representing more than 10% in the share capital, or voting rights of the respective legal entity.
- (c) Council's prior approval is also required in the sale and purchase agreements of assets that are part or belong to legal entities performing activities in areas of state security importance, representing at least 25% of such legal entity's assets, according to the last financial statement.



Prior approvals are to be requested by the potential investor according to the procedure and timetable regulated by the Law.

#### **Foreign Exchange**

The Moldovan foreign exchange regime is regulated by *Law on Currency Regulation no. 62 dated 21 March 2008, re-published in the Official Gazette of 9 December 2016*, allowing payments and transfers in currency operations on the Moldovan territory to be performed in Moldovan currency or foreign currency, except when the law stipulates otherwise. The national currency is the Moldovan leu, pl. Moldovan lei, short form – MDL. The Moldovan leu official exchange rate is determined by the NBM on each working day and is available from the next working day.

Generally, payments made between Moldovan residents in Moldova, related to trade of goods and services, must be carried out in Moldovan lei. In certain situations, and only if expressly allowed by law, payments between Moldovan residents in Moldova can also be made in foreign currency.

Payments and transfers within current foreign exchange operations may be freely performed and do not require prior authorisation or notification of the NBM. The law defines what constitutes a current foreign exchange operation.

Residents are generally free to perform capital foreign exchange operations involving outflow of capital from Moldova, however certain types of transactions are subject to the prior authorisation of the NBM if their value exceeds EUR 10,000.

Certain transactions concluded between residents and non-residents which involve the inflow of capital into Moldova where residents are receiving loans/credits and guarantees from non-residents, should be notified to the NBM. Loans below EUR 10,000 may be received and used by residents without notification. Failure to observe the rules on notification / authorisation may impede the performance of transactions and may further results in administrative sanctions.

#### **Data Protection**

In its normal course of business, the Group collects personal data from its employees and customers. Processing of personal data in Moldova is regulated by the *Law on personal data protection no. 133 dated 8 July 2011 published in the Official Gazette of 14 October 2011 ("Personal Data Law")*. The Personal Data Law transposes Directive 95/46/EC of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data.

Although there is intent to update the Moldovan data protection framework and bring it in line with Regulation (EU) 2016/679 (the General Data Protection Regulation or GDPR), it is uncertain when such intent will materialise.

Considering its operations abroad, the Group may also be subject to the data protection legislation, or to the jurisdiction of supervisory authorities operating in countries other than Moldova.

In general, the collection and processing of personal data should be performed for specified, explicit and legitimate purposes. The law imposes controllers as well as processors, among others, obligations to inform the data subjects about their personal data that is processed, the purpose, limitations, and duration of such processing and to maintain the security of the data they process. When carried out for marketing purposes and via public electronic communication services, the processing of personal data is also regulated by the provisions of the *Law on information society services No. 284 dated 22 July 2004, re-published in the Official Gazette of 9 February 2018 ("Information Society Services Law")*.

Failure to comply with the legal requirements relating to personal data processing constitutes an administrative offense unless committed under such conditions as to constitute a criminal offense and may trigger fines up to MDL 15,000 (about EUR 750) with restriction to perform certain activities from three months up to one year. The National Centre for Personal Data Protection may apply sanctions such as warnings and may also impose specific measures to be taken by the infringer to remedy the consequences of an infringement.



In addition to the abovementioned sanctions, individuals are entitled to compensation for material or non-material damage suffered because of an infringement of data protection legislation. Contractual partners of the infringer or other entities may also be entitled to compensation or other civil remedies.



#### ***Competition and consumer protection***

The *Competition Law no. 183 dated 11 July 2012, published in the Official Gazette of 14 September 2012* aims to protect, maintain, and stimulate the competition and a normal competitive environment in order to promote consumers' interests. The law transposes the relevant legal provisions on competition from the Treaty for the Functioning of the European Union and other relevant EU legislation on competition, and defines the rules applicable to anticompetitive practices, such as agreements between undertakings or practices which restrict or distort competition, the abuse of dominant position, unfair competition, anticompetitive acts of public authorities and the control of economic concentrations. The Moldovan Competition Council (official website <https://www.competition.md/>) is the regulatory authority in charge with the application of Competition Law in Moldova. The liability for infringements of the Competition Law may lead to administrative fines of up to 10% of the annual turnover of the undertaking involved for the year previous to the sanctioning, except for unfair competition where the maximum fine is of 0.5% of the annual turnover of the undertaking involved.

*Law on Consumers Protection no. 105 dated 13 March 2003, re-published in the Official Gazette of 21 October 2011* sets out the main rules and principles regarding consumers' protection, such as the protection of consumers' life, health and security and the protection of their economic interests. The law defines certain principles with respect to the information which must be delivered to consumers regarding the products placed on the market. The law also defines incorrect commercial practices, deceiving commercial practices, aggressive commercial practices and appoints the National Authority for Consumer Protection and Market Supervision (official website <https://consumator.gov.md/rom>) as the competent authority to investigate, control and impose sanctions in case the provisions of the law are breached.

#### ***Fire safety regulations***

*Law on fire safety no. 267 dated 9 November 1994 published in the Official Gazette of 17 March 1995* sets out the main rules and regulations regarding firefighting and the obligations of legal entities and their representatives in this field, such as to obtain a fire safety endorsement for the development of certain constructions or to obtain and maintain valid fire safety authorisations for the locations where economic activities are performed if certain conditions are met.

#### ***Environmental Regulations***

##### ***General rules***

According to the provisions of the *Law on environment protection no. 1515 dated 16 June 1993 published in the Official Gazette in 1993* (the "**Environmental Law**"), public authorities for environmental protection are responsible for authorising economic and social activities that impact the environment and issuing environmental authorisations, endorsements, and consents. Once issued, ordinary environmental authorisations remain valid for the period set out therein. Certain key environmental authorisations (such as those issued for the management of waste or the issuance of pollutants from fixed sources) are issued for a term of 5 years. Environmental expert reviews or impact assessments must be obtained for new public or private investment projects or for those that modify existing projects related to activities that have a significant impact on the environment. The environmental expert reviews or impact assessments and consent are typically valid during the development of the project or of the plan or programme for which they were issued. Environmental authorities monitor compliance with previously granted authorisations and consents, which may be suspended for compliance failures. A company whose authorisation or endorsement has been suspended is given up to six months to bring its operations into compliance, otherwise the environmental authority may order the cancellation of the authorisation or consent and cessation of the respective project or activity.

The *Law on regulation by authorisation of the entrepreneurship activity no. 160 dated 22 July 2011 published in the Official Gazette of 14 October 2011*, approves the procedure for issuing environmental permits and sets out the types of activities for which the issuance of the permissive acts in the environmental sector is required, as well as the steps, timeline and necessary documentation which must be submitted.





#### *Regulations relating to waste management*

*Law on waste management no. 209 dated 29 July 2016, published in the Official Gazette of 23 December 2016, defines the operator's obligations for ensuring a high level of environmental protection and the safety of the public's health by preventing or reducing the adverse impact of waste generation and management of waste. This law was adopted to transpose Directive 2008/98/EC on waste and repealing certain Directives. Pursuant to the law, waste management must be carried out without endangering human health, without harming the environment and it must not, *inter alia*: (i) cause any risk to water, air, soil, fauna or vegetation; (ii) cause noise pollution or unpleasant smell, and (iii) negatively affect the countryside or places of special interest. Additionally, the law imposes a general obligation on undertakings involved in certain waste-related processes to secure waste management authorisations and conduct their activity in accordance with the terms thereof.*

#### *Regulation regarding electric and electronic equipment waste*

*Government Decision no. 212/2018 regarding electric and electronic equipment waste published in the Official Gazette of 23 March 2018 defines the rules for the collection, selection, adequate treatment, recycling, reuse, utilisation of electric and electronic waste. This Government Decision was adopted to transpose the provisions of Directive 2012/19/EU of the European Parliament and of the Council of 4 July 2012 on waste electrical and electronic equipment (WEEE).*

#### *Regulations relating to the assessment of environmental plans or programmes*

*The Law on strategic evaluation of the environment no. 11/2017, published in the Official Gazette of 7 April 2017, and the Guidance on performing procedures for strategic environment assessment, approved by the Order of the Ministry of Agriculture, Regional Development and Environment no. 219/2018 sets out the steps for evaluation of environmental plans or programmes that may have material effects on the environment.*

#### *Regulations relating to public access to environmental information*

*According to Government Decision no. 1467/2016 for the approval of the regulation regarding public access to environmental information published in the Official Gazette of 30 December 2016, companies holding environmental authorisations must continuously disclose certain environmental information to the public. This Decision was adopted into Moldovan law to transpose Directive No. 2003/4/EC pertaining to public access to environmental information.*

#### *Regulations relating to hazardous industrial equipment*

*Law on the industrial security of dangerous industrial objects no. 116 of 18 May 2012 re-published in the Official Gazette of 10 February 2017 establishes measures for preventing major accidents involving hazardous industrial equipment in order to limit the consequences on human health and environment and to ensure a high level of protection, in a coherent and effective manner. This law implements a number of requirements applicable to undertakings that operate hazardous industrial equipment, including the obligation to obtain and maintain expert review endorsements regarding the various industrial equipment referred to in the law and the obligation to register such equipment in a specialised registry, held by the Moldovan Inspectorate for Technical Supervision (official website <https://inst.gov.md/>).*

#### *Regulations relating to the Environmental Fund*

*The Law on payments for the environment pollution no. 1540 dated 25 February 1998 published in the Official Gazette of 18 June 1998 provides for the obligation of operators to make certain contributions to the environmental funds for financing the activity oriented towards improving the quality of the environment, depending on the sources of pollution regulated therein. The environmental funds represent an instrument designed to implement environmental protection projects and programmes, the contribution of economic operators thereto being based, among others, on taxes charged for waste, emissions of polluting substances into the atmosphere, the quantity of hazardous substances placed on the Moldovan market or fees for the issuance of the environmental permits.*



### *Labour health and safety*

*Law on labour health and safety no. 186 dated 10 July 2008 published in the Official Gazette of 5 August 2008* creates the general framework in relation to an extensive number of obligations in relation to labour health and safety which Moldovan companies must comply with. Most important obligations related to labour health and safety include: (i) taking appropriate measures and appointing responsible persons for labour health and safety and for first aid and firefighting activities; (ii) the evaluation of the professional risks and the drawing up of a prevention and protection plan; (iii) the initial and periodic training of employees; (iv) the inclusion in the job description of each employee (and in the individual employment agreement for remote workers) their responsibilities in relation to labour health and safety; (v) supervision of the health of employees; (vi) compliance with rules of reporting and investigation of work accidents; (vii) ensuring adequate safety equipment and facilities for employees. Failure to comply with the relevant health and safety obligations can result in fines imposed by the authorities and requests for damages from the employees or other assimilated individuals. If the breach of a labour health and safety obligation has created an imminent danger of working accidents or professional illness, the company that is in breach can be ordered to cease its activities and, in extreme cases, criminal liability can be triggered.

### *Market abuse rules*

The *Law on capital market no. 171 dated 11 July 2012, published in the Official Gazette of 14 September 2012* provides for specific rules intended to prevent market abuse, such as prohibitions on insider dealing, the unlawful disclosure of inside information and market manipulation. These restrictions are applicable to Moldovan subsidiary of the Group incorporated as a joint stock company (in Romanian, "*societate pe acțiuni*"), as well as to its members of the Board of Directors and other insiders and persons performing or conducting transactions with the Moldovan subsidiary's financial instruments, as applicable, who are subject to the insider trading prohibition, the prohibition on divulging insider information and tipping, and the prohibition on market manipulation. In certain circumstances, the Moldovan subsidiary of the Group incorporated as joint stock company may also be subject to market abuse rules.

Inside information is any information of a precise nature relating (directly or indirectly) to the issuer (joint stock company), or to the shares in the issuer or other financial instruments, which information has not been made public and which, if it were made public, would be likely to have a significant effect on the price of the shares or the other financial instruments or on the price of related derivative financial instruments.

Considering its operations abroad, the Group may also be subject to the labour health and safety legislation, or to the jurisdiction of supervisory authorities competent in countries other than Romania and Moldova.





## 21. TAXATION

*The following summary of certain tax consequences of ownership or disposal of the Shares is based upon laws, regulations, decrees, rulings, income tax conventions (treaties), administrative practice and judicial decisions in effect at the date of this Prospectus. Legislative, judicial or administrative changes or interpretations may, however, be forthcoming that could alter or modify the statements and conclusions set forth herein. Any such changes or interpretations may be retroactive and could affect the tax consequences to holders of the Shares. This summary does not purport to be a legal opinion or to address all tax aspects that may be relevant to a holder of Shares. Each prospective investor is urged to consult its own tax adviser as to the particular tax consequences to such holder of the ownership and disposition of the Shares, including the applicability and effect of any other tax laws or tax treaties, and of pending or proposed changes in applicable tax laws as of the date of this Prospectus, and of any actual changes in applicable tax laws after such date. The tax legislation of the investor's state and of the Company's country of incorporation and tax residence may have an impact on the income received from the Offer Shares.*

### **Cypriot tax legislation**

#### ***Taxation of dividends***

##### ***Legal entities***

Dividends paid from a Cyprus tax resident company to a non-Cyprus tax resident (company or individual) shareholder are exempt from withholding Special Defence Contribution ("SDC") at source in Cyprus.

Dividend income received by a Cyprus tax resident company either from a Cyprus tax resident company or from a foreign legal entity is not subject to Corporation Tax or SDC.

Provided that where a resident company in the Republic receives dividends, the exemption of the Corporation Tax does not apply to the extent that such dividends are deductible for purposes of calculating the foreign tax on the income of the dividend paying company.

In addition, in order to obtain full exemption from the SDC, dividends received from abroad should qualify for either one of the following conditions:

- The company paying the dividends must not engage directly or indirectly more than 50% in activities which lead to passive income (non-trading income), or
- The foreign tax burden on the income of the company paying the dividends is not substantially lower than the tax burden in Cyprus.

##### ***Individuals***

Dividend income received from abroad by a Cyprus tax resident individual is exempt from Income Tax, however this is taxable under SDC at the rate of 17%. In case of any tax withheld at source in the country paid the dividends, this withholding tax can be claimed in Cyprus and the Cyprus tax resident will pay SDC on the difference. Based on the Double Tax Treaty ("DTT") with Romania, the withholding tax rate shall not exceed the 10% of the gross amount of dividends paid.

However, a non-domiciled tax resident in Cyprus is exempt from the SDC, regarding the dividend income received from abroad.

In addition, Cyprus tax residents (including non-domiciled) the dividend income received from abroad is subject to General Healthcare System ("GHS") in Cyprus and taxed at the rate of 2.65%, which is capped to EUR 180,000 of the total taxable income.

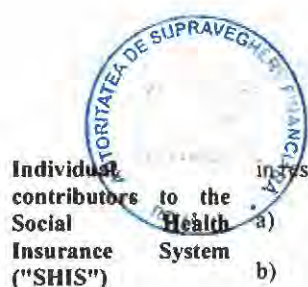
#### ***Taxation of capital gains***

Any gains arising from the sale of shares of a company are exempt from the Corporation Tax in Cyprus both for Cyprus tax residents and non-Cyprus tax residents.

In case of a company whose shares of which are disposed owns either directly or indirectly immovable property in Cyprus, then the gain on disposal of shares is subject to the Capital Gains Tax ("CGT") in







in respect of the income from investments has the following meaning:

- a) Romanian citizens having their domicile or residence in Romania;
- b) foreign citizens and stateless persons who requested and obtained the extension of their temporary right to stay or have their domicile in Romania, with the exception of digital nomads, defined in accordance with the provisions of Article 2(n<sup>4</sup>) of Government Emergency Ordinance No 194/2002, where the digital nomad is present on the territory of Romania for a period or periods not exceeding 183 days during any period of 12 consecutive months ending in the calendar year concerned;
- c) citizens of the Member States of the European Union, European Economic Area and Swiss Confederation who do not hold an insurance concluded on the territory of another Member State producing effects on the territory of Romania, who requested and obtained the right to stay in Romania for a period exceeding 3 months;
- d) persons of the Member States of the European Union, European Economic Area and Swiss Confederation who meet the conditions of frontier worker and pursue an activity as an employed or self-employed person in Romania and reside in another Member State to which they return on a daily basis or at least once a week.

The persons stipulated under letters a) - d) above, holding a sickness and maternity insurance within the social security system of another Member State of the European Union, European Economic Area and Swiss Confederation or of the states with which Romania concluded bilateral social security agreements regulating the sickness-maternity insurance, based on the internal legislation of the respective states, which produces effects on the territory of Romania and who provide the proof of the validity of such insurance, in accordance with the procedure established by a joint order of the president of National Agency of Tax Administration and of the president of the National House of Health Insurance, are not contributors to the social health insurance system (SHIS);

**Place of effective management**

is the place where, unless proven otherwise, the foreign legal person carries out transactions which correspond to genuine, substantial and economic purposes and where at least one of the following conditions is fulfilled:

- a) the economic-strategic decisions necessary for the management of the activity of the foreign legal person as a whole are taken in Romania by the executive directors/members of the board of directors; or
- b) at least 50% of the executive directors/board members of the foreign legal person are residents;

**Sole tax return for Estimated Income**

means the *sole tax return regarding income tax and social security contributions due by individuals - Chapter II. Data concerning tax on estimated income/ income norm to be derived in Romania and the payable social security contributions* to be submitted by individual taxpayers for the income estimated to be obtained in each tax year, until the 25<sup>th</sup> of May inclusive of each reference year;

**Sole tax return for Realised Income**

means the *sole tax return regarding income tax and social security contributions due by individuals - Chapter I. Data on realised income* to be submitted by individual taxpayers, for each tax year, until the 25<sup>th</sup> of May inclusive of the year following the one in which the income was realised, for the final assessment of the annual income tax;





### *Taxation of dividends*

#### *Dividends obtained by Romanian legal entities*

Dividend income earned by Romanian legal entities from a non-resident Issuer will be included in the overall taxable base computed for corporate income tax purposes (if the case). The corporate income tax rate in Romania is of 16%. Any resulting taxable profits may be sheltered by existing tax losses which may be brought forward before final taxation. Starting with tax losses of 2024, tax losses can be carried forward and recovered from realised taxable profits, within the limit of 70% inclusively, in the next 5 consecutive years (i.e., 70%- and 7-years rules apply starting 2024 for the tax losses recorded until 31 December 2023).

However, dividends distributed to a Romanian legal entity (parent company) by a subsidiary situated in an EU Member State, including those distributed to its permanent establishment situated in an EU Member State other than that of the subsidiary, are not taxable for Romanian corporate income tax purposes if the Romanian legal entity cumulatively meets the following conditions:

1. it is constituted as a "joint-stock company", "partnership limited by shares", "limited liability company", "general partnership", "simple limited partnership" or has the organisational form of another legal person subject to Romanian law;
2. pays corporate income tax, without the possibility of an option or exemption, or another tax that replaces corporate income tax, according to national legislation;
3. holds at least 10% of the share capital of the subsidiary located in another EU Member State which distributes dividends;
4. at the date when the dividend income is recorded, it holds the 10% minimum participation for an uninterrupted period of at least one year.

If, at the time of recording the dividend income, the minimum holding period of one year is not met, the dividend income is taxable. Subsequently, in the tax year in which the condition is met (if the case), the income is considered non-taxable, with recalculation of the corporate income tax for the tax year in which it was initially taxed. To this end, the taxpayer must submit an amended income tax return under the conditions laid down in the Tax Procedure Code.

In order for the above rules to apply, the distributing subsidiary from the other EU Member State should meet the following conditions:

1. it has one of the forms of organization set under the law (in case of Cypriot law: 'εταιρείες' as defined in the Income Tax laws);
2. under the tax law of the Member State it shall be considered to be resident in that Member State and, under a double taxation convention concluded with a third State, shall not be considered to have its tax residence outside the European Union;
3. pays, in accordance with the tax law of a Member State, without the possibility of an option or exemption, one of the relevant taxes stipulated in the Fiscal Code or another tax replacing one of those taxes.

The above rules do not apply if the distribution is a deductible item at the level of the distributing subsidiary.

For Romanian investors which apply the microenterprise tax regime, dividend income obtained from a non-resident Issuer is exempt from microenterprise income tax (subtracted from the taxable base when computing the 1% or 3% microenterprise tax) if the dividends are received from a subsidiary, legal entity located in another EU member state, if both the microenterprise and the subsidiary meet the form and holding conditions detailed above. If these conditions are not met, the dividend income may still be exempt from microenterprise income tax if it is obtained from a foreign state with which Romania has entered a Double Tax Treaty and if the income was taxed in the foreign state (however, this may not be the case per the Cypriot tax summary above).

Else, if none of the above exceptions apply, the income will be included in the taxable base for microenterprise taxation purposes (with 1% or 3% rate, as applicable on a case-by-case basis).



However, if the taxable dividend income leads to exceeding the yearly taxable income of EUR 500,000 (at present), the legal entity automatically shifts to the corporate income tax system starting the calendar quarter when the income threshold was exceeded.

#### Dividends obtained by foreign legal entities

Dividends distributed by the Issuer to a foreign legal entity which is not a tax resident of Romania should not be subject to tax in Romania, unless they are allocated to a Romanian permanent establishment (e.g., branch) of the foreign legal entity.

If so, dividend income earned by a Romanian permanent establishment of a foreign legal entity will be included in the overall taxable base computed for corporate income tax purposes (if the case). The corporate income tax rate in Romania is of 16%. Any resulting taxable profits of the permanent establishment may be sheltered by existing tax losses incurred in Romania which may be brought forward before final taxation. Starting with the tax losses of 2024, tax losses can be carried forward and recovered from realised taxable profits, within the limit of 70% inclusively, in the next 5 consecutive years (i.e., 70%- and 7-years rules apply starting 2024 for the tax losses recorded until 31 December 2023).

However, dividends distributed to foreign legal persons of an EU Member State (parent companies) by its subsidiary located in other EU Member State, through its permanent establishment in Romania, represent non-taxable income in Romania (for the permanent establishment) if the foreign legal person meets all the following conditions:

1. it has one of the forms of organisation set out in Annex No. 1 to the Romanian Fiscal Code (Title II);
2. according to the tax legislation of the EU Member State, it is considered to be resident in that EU Member State and, under a double taxation convention concluded with a third State, it is not considered to have its tax residence outside the European Union;
3. pays, in accordance with the tax law of an EU Member State, without the possibility of an option or exemption, one of the taxes referred to in Annex No. 2 to the Romanian Fiscal Code (Title II), or another tax replacing one of those taxes;
4. holds at least 10% of the capital of the subsidiary situated in another EU Member State which distributes the dividends;
5. at the date when the dividend income is recorded by the Romanian permanent establishment, the foreign legal entity holds the 10% minimum participation for an uninterrupted period of at least one year;

In order for the above rules to apply, the distributing subsidiary from the other EU Member State should meet the following conditions:

1. it has one of the forms of organization set under the law (in case of Cypriot law: 'εταιρείες' as defined in the Income Tax laws);
2. under the tax law of the Member State it shall be considered to be resident in that Member State and, under a double taxation convention concluded with a third State, shall not be considered to have its tax residence outside the European Union;
3. pays, in accordance with the tax law of an EU Member State, without the possibility of an option or exemption, one of the relevant taxes provided by the Fiscal Code (in case of Cyprus: φόρος εισοδήματος) or another tax replacing one of those taxes.

The above rules do not apply if the distribution is a deductible item at the level of the distributing subsidiary.

#### Dividends obtained by individuals resident in Romania for tax purposes

- (1) Dividend income tax





Dividend income obtained from the Shares by Romanian tax resident individuals should qualify as income obtained from abroad, considering that the dividend is distributed and paid by a non-resident (*i.e.*, the Issuer). This dividend income is subject to 8% personal income tax in Romania.

The individuals have the obligation to declare the dividend income derived from the Shares by submitting with the Romanian tax authorities the Sole tax return for Realised Income by the 25<sup>th</sup> of May of the year following the one in which the income was obtained. In case of amounts in EUR, the amount of income obtained is converted in RON using the annual average exchange rate communicated by the National Bank of Romania for the year in which the income was obtained. The tax due in connection with the dividend income derived from the Shares should be assessed and paid to the Romanian state budget by the individual by the 25<sup>th</sup> of May of the year following the one in which the income was obtained.

According to the Romanian Fiscal Code, any tax that was paid or withheld in other jurisdictions in connection with the dividend income derived from the Shares for the same period can be deducted from the tax due in Romania for the respective dividend income (*i.e.*, credit method for avoidance of double taxation is provided in the double tax treaty entered by Cyprus and Romania). Such tax deduction is established by the individuals and should not exceed the tax due in Romania for the respective dividend income (*i.e.*, 8%).

The credit method or the exemption method for the avoidance of double taxation, as the case, can be applied provided that (i) there is a double tax treaty concluded between Romania and the state where the tax (for which a tax deduction/tax exemption is requested) was paid; and (ii) the individual submits with the Romanian tax authorities the necessary documentation, attesting the payment of the tax in the other state for the dividend income in line with the double tax treaty.

## (2) Contribution to the social health insurance system

In addition, individuals who are contributors to the Social Health Insurance System ("SHIS") may be liable to pay a 10% individual health fund contribution ("HFC") in certain cases. The HFC may be due irrespective if the individual obtaining the dividend income also earns salary income or other types of income on which HFC is due and paid.

As of 2024, the 10% HFC is due if the individual estimates / actually earns from one or more sources of income (such as: income from intellectual property rights, income from joint-ventures with a legal entity subject to tax in Romania, rental income, investment income – like: dividends, interest, capital gains, liquidation proceeds -, income from other sources etc.) – "**Relevant income**" - an annual income at least equal with 6 national gross minimum salaries. For 2024, the reference value of this salary is the one in force on the 25<sup>th</sup> of May 2024. At present, this value is of RON 3,300 (approx. EUR 660), but if the one in force on the 25<sup>th</sup> of May 2024 will be a different one, that value should be taken into account. Thus, as of 2024, the 10% HFC is due on the following thresholds:

- in case the Relevant income is between 6 gross minimum salaries inclusively and 12 gross minimum salaries, the basis for calculating HFC is 6 gross minimum salaries;
- in case the Relevant income is between 12 gross minimum salaries inclusively and 24 gross minimum salaries, the basis for calculating HFC is 12 gross minimum salaries;
- in case the Relevant income is of at least 24 gross minimum salaries, the basis for calculating HFC will be 24 gross minimum salaries.

Where the individuals have a cumulative annual Relevant income (from the relevant categories for HFC) below the level of 6 gross minimum salaries, they may still owe the HFC on a calculation basis equal to 6 gross minimum salaries if in the year when the income is derived:

- a) they have not earned income from salaries for which they owe HFC at a level at least equal to 6 gross minimum salaries in force during the period in which the income was earned;
- b) they did not fall within the categories of persons exempted from the payment of HFC provided for in Article 154 (1) of the Romanian Fiscal Code;
- c) they have not obtained any income from independent activities for which they owe HFC at a level at least equal to 6 gross minimum salaries, in force on the deadline for submission the Sole tax return for Estimated Income.





The HFC is due by the individual payer through filing a Sole tax return for Estimated Income / Realised Income and it is the individuals' obligation to file the return. Also, the individual has the obligation to pay the related HFC by the 25<sup>th</sup> of May of the current year, for the income earned in the previous year.

#### Dividends obtained by individuals not resident in Romania for tax purposes

Non-resident individuals deriving dividend income from shares held in a foreign company (like the Issuer) which is not a Romanian tax resident are not subject to tax in Romania.

Each non-resident individual should verify if he/she meets the conditions to be regarded as a contributor to the SHIS, because in this case he/she may owe HFC in Romania as described in the previous section.

#### Dividends obtained by Romanian pension funds

Dividend income obtained from abroad by Romanian pension funds without corporate status are not subject to profits tax or tax on microenterprises income in Romania, as each participant is liable for its own taxes. This applies in general for all fiscally transparent entities (e.g. associations, joint ventures, economic interest group, etc.).

#### Taxation of capital gains

##### Romanian legal entities

In case of Romanian legal entities registered as corporate income tax payers, income from the transfer of shares is not subject to separate taxation but will be included in the overall taxable base computed for corporate income tax purposes at the standard 16% tax rate. Any resulting taxable profits may be sheltered by existing tax losses before final taxation (as described under section "*Dividends obtained by Romanian legal entities*" for "*Taxation of dividends*" above).

According to the Romanian tax legislation, revenues from the valuation / revaluation / alienation of shares held in another Romanian entity or in a foreign legal entity situated in a state with which Romania has entered a double tax treaty are non-taxable for corporate income tax purposes if at the date of valuation / revaluation / alienation the seller (taxpayer) holds at least 10% of the share capital in the company, for an uninterrupted period of at least one year ("minimum holding conditions"), ending at the moment of valuation / revaluation / alienation. Similarly, the expenses related to these non-taxable revenues are non-deductible. The provisions mentioned above regarding the non-taxable treatment of such income only applies to corporate income taxpayers.

If the Romanian legal entity applies the microenterprise income tax regime, only the income from the sale of the shares will be included in the taxable base (representing the gross income, without deducting the acquisition, transaction, transfer, other costs) to which a rate of 1% or 3% is applied, as the case may be. If the income from the sale of shares leads to exceeding the yearly taxable income of EUR 500,000 (at present), the legal entity automatically shifts to the corporate income tax system starting the calendar quarter when the income threshold was exceeded.

##### Foreign legal entities

Foreign legal entities deriving capital gains from the sale of shares held in a foreign company (like the Issuer) are not subject to tax in Romania unless the Shares and corresponding gains are allocated to a Romanian permanent establishment (e.g., branch) of the non-resident legal entity. In this case, the same taxation rules apply as the ones described under the previous section "*Romanian legal entities*" under the "*Taxation of capital gains*".

#### Individuals resident in Romania for tax purposes

According to the double tax treaty entered by Cyprus and Romania, the capital gains are taxable only in the contracting state where the individual who alienates the shares is tax resident.

- (1) Capital gains/ losses from transactions not carried out via Romanian tax resident intermediaries or non-residents with a permanent establishment in Romania which acts as intermediary





The following rules apply when the Shares are not sold via a Romanian tax resident intermediary or a non-resident with a Romanian permanent establishment which acts as intermediary.

Capital gains/ losses derived from the sale of Shares by individuals who are Romanian tax residents should qualify as income obtained from abroad, considering that the Shares are issued by a foreign legal entity (*i.e.*, the Issuer) which is not a tax resident of Romania. The annual net gains from each country are subject to a 10% flat personal income tax rate in Romania.

In line with the Fiscal Code's provisions, the annual net loss from transfer of shares, established through the Sole tax return for Realised Income, is recovered from the annual net gains obtained in the following 5 consecutive years and up to 70% of the annual net gains (*n.b.*, 70%- and 7-years rules apply starting 2024 for the losses incurred up to 31 December 2023). In addition, the annual net losses derived from abroad are carried forward and offset with the income of the same nature and source, earned from abroad, for each country, registered in the following 5 consecutive fiscal years. The taxable moment would arise upon the sale of shares and the individual must report the income via the Sole tax return for Realised Income and pay the related capital gains tax, by the 25<sup>th</sup> of May of the year following the one during which the income was earned. The capital gain is determined as the difference between the sale price and the fiscal value of the shares, including the costs related to the transaction backed-up by justifying documents. For personal income tax purposes, the fiscal value represents the acquisition value of the shares or the contribution value, as the case.

(2) Capital gains/ losses from transactions carried out via Romanian tax resident intermediaries or non-residents with a permanent establishment in Romania which acts as intermediary

Starting from 1<sup>st</sup> of January 2023, capital gains from the transfer of securities (including shares) and from operations with derivative financial instruments, as determined according to the specific provisions of the Fiscal Code, made through Romanian tax resident intermediaries or non-residents with permanent establishments in Romania acting as intermediaries are subject to withholding tax. The income tax rate for transfer of securities (including shares) and operations with derivative financial instruments made through intermediaries (Romanian tax residents or non-residents with a permanent establishment in Romania acting as intermediary) is calculated and retained for each sale transaction by the relevant intermediary, by applying one of the following tax rates:

- a) 1% on the capital gains from each transfer of securities / the operation with derivative financial instruments held for more than 365 days, inclusively, after the acquisition date; or
- b) 3% on the capital gains from each transfer of securities / operation with derivative financial instruments held for less than 365 days after the acquisition date.

The capital gain tax is declared and paid to the state budget by the intermediary no later than the 25<sup>th</sup> of the following month.

Losses incurred through these intermediaries cannot be compensated with similar gains, nor can they be carried forward and compensated with future capital gains. Thus, these losses are permanent for the taxpayer.

(3) Contribution to the social health insurance system

In addition, individuals who are contributors to the SHIS may be liable to pay 10% HFC in certain cases. The HFC may be due irrespective if the individual obtaining the capital gain type of income also earns salary income or other types of income on which HFC is due and paid.

As of 2024, the 10% HFC is due if the individual estimates / actually earns from one or more sources of income (such as: income from intellectual property rights, income from joint-ventures with a legal entity subject to tax in Romania, rental income, investment income – like: dividends, interest, capital gains, liquidation proceeds -, income from other sources etc.) – "**Relevant income**" - an annual income at least equal with 6 national gross minimum salaries. For 2024, the reference value of this salary is the one in force on the 25<sup>th</sup> of May 2024. At present, this value is of RON 3,300 (approx. EUR 660), but if the one in force on the 25<sup>th</sup> of May 2024 will be a different one, that value should be taken into account. Thus, as of 2024, the 10% HFC is due on the following thresholds:





- in case the Relevant income is between 6 gross minimum salaries inclusively and 12 gross minimum salaries, the basis for calculating HFC is 6 gross minimum salaries;
- in case the Relevant income is between 12 gross minimum salaries inclusively and 24 gross minimum salaries, the basis for calculating HFC is 12 gross minimum salaries;
- in case the Relevant income is of at least 24 gross minimum salaries, the basis for calculating HFC will be 24 gross minimum salaries.

Where the individual has a cumulative annual net income (from the relevant categories for HFC) below the level of 6 gross minimum salaries, they shall owe the HFC on a calculation basis equal to 6 gross minimum salaries if in the year when the income is derived:

- a) they have not earned income from salaries for which they owe HFC at a level at least equal to 6 gross minimum salaries in force during the period in which the income was earned;
- b) they did not fall within the categories of persons exempted from the payment of HFC provided for in Article 154 (1) of the Romanian Tax Code;
- c) they have not obtained any income from independent activities for which they owe HFC at a level at least equal to 6 gross minimum salaries, in force on the deadline for submission the Sole Tax Return for estimated income.

The HFC is due by the individual payer through filing a Sole tax return for Estimated Income / Realised Income and it is the individuals' obligation to file the return. Also, the individual has the obligation to pay the related HFC by the 25<sup>th</sup> of May of the current year, for the income earned during the previous year.

#### Individuals not resident in Romania for tax purposes

Non-resident individuals deriving capital gains from Shares held in a foreign company (like the Issuer) which is not a Romanian tax resident are not subject to tax in Romania.

Each non-resident individual should verify if he/she meets the conditions to be regarded as a contributor to the SHIS, because in this case he/she may owe HFC in Romania as described in the previous section.

#### Romanian pension funds

Capital gains obtained from abroad by Romanian pension funds without corporate status are not subject to profits tax or tax on microenterprises income in Romania, as each participant is liable for its own taxes. This applies in general for all fiscally transparent entities (e.g. associations, joint ventures, economic interest group, etc.).

#### **Certain U.S. Federal Income Tax Consequences**

The following discussion describes certain U.S. federal income tax consequences of purchasing, holding and disposing of Offer Shares. This discussion applies only to beneficial owners of Offer Shares that are "U.S. Holders," as defined below. This discussion is based on the Code, its legislative history, existing final, temporary and proposed Treasury Regulations, administrative pronouncements by the U.S. Internal Revenue Service (the "IRS"), and judicial decisions, all as currently in effect and all of which are subject to change (possibly on a retroactive basis) and to different interpretations.

This discussion does not purport to address all U.S. federal income tax consequences that may be relevant to a particular U.S. Holder and prospective investors are urged to consult their own tax advisor regarding their specific tax situation. This discussion does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income). The discussion applies only to U.S. Holders who hold the Offer Shares as "capital assets" (generally, property held for investment) under the Code and does not address the tax consequences that may be relevant to U.S. Holders in special tax situations including, for example:

- financial institutions or insurance companies;
- tax-exempt organizations;





- broker-dealers;
- traders in securities that elect to mark to market;
- real estate investments trusts, regulated investment companies, partnerships or grantor trusts;
- investors whose functional currency is not the U.S. dollar;
- U.S. expatriates;
- U.S. Holders that hold the Offer Shares as part of a hedge, straddle, or conversion transaction; or
- U.S. Holders that own, directly, indirectly, or constructively, 10% or more of the total combined voting power or value, if any, of the Company.

Except where specifically described below, this discussion assumes that the Company is not a PFIC for U.S. federal income tax purposes. Please see the discussion in "*Passive Foreign Investment Company Rules*" below. Further, this discussion does not address the alternative minimum tax consequences of holding the Offer Shares or the indirect consequences to owners of equity interests in partnerships or other entities that own the Offer Shares. In addition, this discussion does not address the U.S. state and local or non-U.S. tax consequences of holding the Offer Shares.

**PROSPECTIVE INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF PURCHASING, OWNING, AND DISPOSING OF THE OFFER SHARES IN THEIR PARTICULAR CIRCUMSTANCES.**

A prospective investor is a "U.S. Holder" if they are a beneficial owner of the Offer Shares and they are for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or any other entity taxable as a corporation, created or organized in or under the laws of the United States, any state thereof, or the District of Columbia;
- an estate the income of which is subject to U.S. federal income tax regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of the trust.

If an entity or arrangement that is classified as a partnership for U.S. federal income tax purposes holds the Offer Shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. A prospective investor who is a partner of a partnership holding the Offer Shares should consult its own tax advisor regarding the specific tax consequences of the purchase, ownership and disposition of the Offer Shares.

***Distributions on the Offer Shares***

The gross amount of distributions made to investors of cash or property with respect to the Offer Shares held by an investor (including any amount of Romanian tax withheld) generally will be includible in the investor's income as foreign source dividend income in the year actually or constructively received. Such dividends will not be eligible for the dividends received deduction generally allowed to corporate U.S. Holders in respect of dividends received from other domestic corporations. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at a preferential rate applicable to long-term capital gains, provided that the Company qualifies for the benefits of the income tax treaty between the United States and Romania and the Company is not (and is not treated with respect to the U.S. Holder in question as) a PFIC for the taxable year in which the dividend is paid or the preceding taxable year. If you are a non-corporate U.S. Holder, you should consult your tax adviser regarding the availability of the preferential rate on dividends and any limitations that may apply in your particular circumstances.





A U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any non-U.S. withholding taxes imposed on dividends received on the Offer Shares (such as any Romanian tax withheld). A U.S. Holder who does not elect to claim a foreign tax credit for non-U.S. tax withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholdings, but may not claim a deduction for some creditable taxes and a foreign tax credit for others in the same tax year. If a refund of the tax withheld is available under foreign law or under an applicable U.S. income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's federal income tax liability and will not be eligible for the deduction against U.S. federal taxable income. The rules governing the foreign tax credit are complex, and recent changes to the foreign tax credit rules introduced additional requirements and limitations that may impact the creditability of foreign taxes. Recent IRS guidance provides temporary relief from some of these additional requirements and limitations, subject to certain requirements being met, until further notice is provided by the IRS. Each prospective U.S. Holder is advised to consult its tax advisor regarding the availability of the foreign tax credit under its particular circumstances, including the effects of an applicable U.S. income tax treaty.

Prospective investors should consult their own tax advisors about how to account for dividends received in a currency other than the U.S. dollar.

#### ***Sale or Exchange or other Taxable Disposition of Offer Shares***

A U.S. Holder generally will recognize U.S. source capital gain or loss upon the sale, exchange or other taxable disposition of the Offer Shares measured by the difference between the U.S. dollar value of the amount realized and the U.S. Holder's adjusted tax basis in the Offer Shares disposed of. Any gain or loss will be long-term capital gain or loss if the Offer Shares have been held for more than one year. Long-term capital gains of certain U.S. Holders (including individuals) are eligible for reduced rates of U.S. federal income taxation. The deductibility of capital losses is subject to certain limitations under the Code.

If gains realized by a U.S. Holder upon the sale of Offer Shares are subject to tax (including withholding tax) in Romania (see – *Taxation – Romanian Tax Considerations – Taxation of capital gains* above for discussions with respect to Romanian taxes), a U.S. Holder may not be able to utilize any such taxes as a credit against the U.S. Holder's U.S. federal income tax liability due to certain limitations on U.S. foreign tax credits. A U.S. Holder who is unable to claim a foreign tax credit for non-U.S. taxes imposed upon a sale of Offer Shares may instead claim a deduction, for U.S. federal income tax purposes, in respect of such taxes, but may not claim a deduction for some creditable taxes and a foreign tax credit for others in the same tax year. If a refund of the relevant tax is available under foreign law or under an applicable U.S. income tax treaty, the amount of tax withheld that is refundable will not be eligible for such credit against a U.S. Holder's federal income tax liability (and will not be eligible for the deduction against U.S. federal taxable income). The rules governing the foreign tax credit are complex, and recent changes to the foreign tax credit rules introduced additional requirements and limitations that may impact the creditability of non-U.S. taxes. Recent IRS guidance provides temporary relief from some of these additional requirements and limitations, subject to certain requirements being met, until further notice is provided by the IRS. Each prospective U.S. Holder is advised to consult its tax advisor regarding the availability of the foreign tax credit under its particular circumstances, including the effects of an applicable U.S. income tax treaty.

Prospective investors should consult their own tax advisors about how to account for payments made or received in a currency other than the U.S. dollar.

#### ***Passive Foreign Investment Company Rules***

In general, a non-U.S. corporation is a PFIC with respect to a U.S. Holder if, for any taxable year in which the U.S. Holder holds stock in the non-U.S. corporation, at least 75% of its gross income is passive income or at least 50% of the value of its assets (generally determined on the basis of a quarterly average) produce passive income or are held for the production of passive income. For this purpose, passive income generally includes, among other things, dividends, interest, rents, royalties and gains from the disposition of investment assets (subject to various exceptions). Based on the nature of the Company's business, the composition of the Company's gross income and assets, and projections as to the value of the Company's equity, the Company does not expect to be a PFIC for the current taxable year or in the foreseeable future. However, the determination of whether the Offer Shares constitute shares of a PFIC is a factual determination made annually after the close of the taxable year and thus may be subject to change. Because these determinations are based on the nature of the Company's income and assets from time to time, as well as certain items that are not directly in the Company's control such as the value of the Offer Shares, and



involve the application of complex tax rules the application of which to the Company's business is not always entirely clear, no assurances can be provided that the Company will not be considered a PFIC for the current taxable year or any past or future taxable year. The Company does not intend to conduct annual assessments of its PFIC status.

If the Company were classified as a PFIC at any time during a U.S. Holder's holding period, such U.S. Holder could be subject to materially adverse tax consequences including being subject to greater amounts of tax on gains and certain distributions on Offer Shares as well as additional tax reporting obligations. Prospective investors should consult their own tax advisors about the consequences if the Company is classified as a PFIC.

***Backup Withholding and Information Reporting***

A U.S. Holder may be subject to information reporting on amounts received by such U.S. Holder from a distribution on, or disposition of, Offer Shares, unless such U.S. Holder establishes that it is exempt from these rules. If a U.S. Holder does not establish that it is exempt from these rules, it may be subject to backup withholding on the amounts received unless it provides a taxpayer identification number and otherwise complies with the requirements of the backup withholding rules. Backup withholding is not an additional tax and the amount of any backup withholding from a payment that is received generally will be allowed as a credit against a U.S. Holder's U.S. federal income tax liability and may entitle such U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

Prospective investors should consult their own tax advisors concerning any U.S. reporting requirements that may arise out of their ownership or disposition of Offer Shares in light of their particular circumstances. The penalty for failing to comply with reporting requirements can be significant.





## 22. SUBSCRIPTION AND SALE

### General information about the Offering

This Prospectus relates to the Offering of up to 35,937,859 Offer Shares for (i) subscription of up to 25,000,250 New Shares issued by the Company, representing 69.57% of the Offer Shares, and (ii) sale by the Selling Shareholder of up to 6,250,063 Existing Shares, representing 17.39% of the Offer Shares, and of up to 4,687,546 Over-Allotment Shares, representing 13.04% of the Offer Shares, made available pursuant to the Over-Allotment Option to allow for stabilisation measures, if appropriate. In addition, upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may jointly decide to exercise the Upsize Option and increase the number of Offer Shares by up to 20% of the number of Base Shares, representing up to 6,250,063 Upsize Shares, out of which additional New Shares will be 80% and additional Existing Shares will be 20%. Therefore, if the Upsize Option is exercised, the Upsize Shares will consist of up to 5,000,050 additional New Shares offered by the Company and up to 1,250,013 additional Existing Shares offered by the Selling Shareholder, and the maximum number of Offer Shares will be of 42,187,922.

The Over-Allotment Shares will rank *pari passu* in all respects with the Base Shares, including for all dividends and other distributions to be declared, made or paid on the Base Shares, will be purchased on the same terms and conditions as the Base Shares being and will form a single class for all purposes with the Base Shares and the other Shares in the Company.

The Offering will be split into two tranches ("**Offering Tranches**"): the Retail Tranche and the Institutional Tranche (as defined in "*Offering Tranches*" below).

The Offer Shares will be offered at the Offer Price Range of RON 19.00 – 21.50 per Offer Share (see "*Offer Price*" below). Retail Investors must subscribe for the Offer Shares at the fixed price of RON 21.50, which is the top of the Offer Price Range. The Offer Shares allocated in the Offering will be sold at the Final Offer Price or at the Discounted Final Offer Price, as applicable (see "*Final Offer Price*" below). The Company's Shareholders have waived their pre-emptive rights to subscribe the New Shares.

For the avoidance of doubt, the number of Offer Shares subscribed in the event of a Successful Closing of the Offering can be less than 100%. In the event that less than 100% of the maximum number of the Offer Shares are subscribed and there is still a Successful Closing of the Offering (as defined below), the allocation between (i) New Shares and (ii) the sum of Existing Shares and Over-Allotment Shares shall be made in a manner which prioritizes the maximum possible allocation of New Shares (the "**Alternative Split**").

The Selling Shareholder does not intend to subscribe in the Offering. Considering the intention to reward and incentivize Mr. José Martin Garza, as the Company's chief executive officer ("**Mr. Garza**"), and Mr. Petr Stohr, as the Company's chief financial officer ("**Mr. Stohr**"), to foster their loyalty and engagement with the Company and so to align their interests with all shareholders, the Selling Shareholder and the Company have decided to reserve a certain number of Offer Shares ("**Reserved Shares**") for allocation to Mr. Garza and Mr. Stohr within the Retail Tranche (the "**Preferred Allocation**"). The Preferred Allocation is limited to a maximum of 739,293 Offer Shares for Mr. Garza within the Retail Tranche (representing 2.057% of the Offer Shares) and to a maximum of 123,216 Offer Shares for Mr. Stohr within the Retail Tranche (representing 0.343% of the Offer Shares), in total representing 2.40% of the Offer Shares (the "**Limit of the Preferred Allocation**") and. The Reserved Shares will be offered at the Final Offer Price and apart from the Preferred Allocation, Mr. Garza and Mr. Stohr will not benefit from any other preferential treatment within the Offering.

However, as of the date of this Prospectus, there is no firm commitment from Mr. José Martin Garza and Mr. Stohr with respect to the subscription of the Reserved Shares or any other investment in the Offering. If Mr. Garza and Mr. Stohr decide to subscribe in the Offering, the number of Offer Shares within the Retail Tranche will be reduced by the number of subscribed Reserved Shares, up to the Limit of the Preferred Allocation. Any Reserved Shares not purchased by Mr. Garza and Mr. Stohr will be included in the Offer Shares as part of the Retail Tranche.

Subscriptions by Retail Investors and Institutional Investors can be made on the Business Days during the Offering Period, that is from (and including) 8 May 2024 to (and including) 15 May 2024, namely six (6) Business Days. The Company and the Selling Shareholder, upon the recommendation of, and in





consultation with, the Joint Global Coordinators, may: (i) extend the Offer Period; (ii) decide on the early closing of the Offering in case it is fully subscribed; or (iii) change other dates related to the Offering, in each case in compliance with Romanian legislation, including, where required by law, by preparing a supplement to the Prospectus, approved by the FSA. Any early closing of the Offer Period will be publicly announced using the same methods as the announcement of the Final Offer Price, and the dates for each of pricing, allocation, publication of the Final Offer Price, results of the Offering and trading in Shares will in such case be adjusted accordingly.

The *pro rata* allocation factor for the part of the Retail Tranche which results after the deduction of the subscriptions of the Reserved Shares allocated within the Limit of the Preferred Allocation, if the case, (the "**Pro-rata Allocation Part of the Retail Tranche**") together with the final number of allocated Offer Shares for such part of the Retail Tranche, will be publicly announced on the last day of the Offering Period (the "**Allocation Date**"), expected to be on 15 May 2024. The Discounted Final Offer Price and the Final Offer Price shall be publicly announced at the latest on the Business Day following the Allocation Date (see "*Final Offer Price*" and "*Allocation of the Offer Shares*" below).

In case of over-subscription, Retail Investors will be reimbursed the difference between (i) the amount paid for the subscribed Offer Shares and (ii) the amount equal to the Final Offer Price or the Discounted Final Offer Price multiplied by the number of allocated Offer Shares (less the bank transfer commissions and any applicable commissions of the relevant market institutions). For more details see "*Allocation of Offer Shares within the Retail Tranche*" below.

The transaction related to the allocated Offer Shares is expected to take place on the next Business Day following the Allocation Date, expected to be on or around 16 May 2024 (the "**Transaction Date**") and the settlement through the Romanian Central Depository's system will occur within 2 (two) Business Days from the Transaction Date (that is on or around 20 May 2024) (the "**Settlement Date**") (see "*Settlement*" below). Trading of the Shares on the BSE is expected to commence on or around 27 May 2024 (the "**First Day of Trading**").

The timetable mentioned above may be subject to change subject to the FSA approval. Certain events provided herein are beyond the control of the Company, the Selling Shareholder and/or the Managers.

The Offering may not be revoked except for the cases when: (i) the conditions for the Successful Closing of the Offering are not met as they are provided in the sub-section "*Final Offer Price*" below or (ii) the Share Capital Increase and the New Shares are not successfully registered with the relevant Trade Registrar of Companies. Once the Shares are admitted to trading, the Offering may not be revoked except for exceptional circumstances provided by law and regulations.

### Offering Tranches

Investors who intend to subscribe for Offer Shares must be familiar and comply with the terms and conditions of the Offering set out in this Prospectus and with the laws applicable to the Offering in their jurisdictions and the restrictions set out in "*Selling And Transfer Restrictions*" below. By acquiring the Offer Shares, investors undertake any liability arising if such acquisition is deemed unlawful under their country of residence.

The Offering is split into two Offering Tranches as follows:

- 1) an Offering Tranche consisting of an initial number of 7,187,572 Offer Shares, representing 20% of the Offer Shares, addressed via a public offer in Romania to Retail Investors (as defined below) (the "**Retail Tranche**"); and
- 2) an Offering Tranche consisting of an initial number of 28,750,287 Offer Shares, representing 80% of the Offer Shares, will be addressed to Institutional Investors (as defined below) (the "**Institutional Tranche**").

For the purposes of this Prospectus:

- "**Institutional Investor**" means (a) a "qualified investor", as defined in Article 2 (e) of the Prospectus Regulation), or (b) an "eligible counterparty" within the meaning of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), or (c) a "qualified





investor as defined in Article 2(e) of the Prospectus Regulation, as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), as amended, or (d) a QIB as defined in Rule 144A, or (e) an equivalent institution whose subscription in the Offering would not constitute a violation of applicable law or regulation and which is not located in any jurisdiction where the extension or availability of the Offering (and any other transaction contemplated thereby) would breach any applicable law or regulation; and

- **"Retail Investor"** means any individual or entity (with or without legal personality) who does not meet the above criteria to qualify as an Institutional Investor.

If less than 100% of the maximum number of the Offer Shares are subscribed and there is still a Successful Closing of the Offering, the split of Offer Shares in both Offering Tranches between the Selling Shareholder and the Company shall be determined on the basis of the Alternative Split.

The final size of each Offering Tranche will be determined by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators, based on the volume and price of subscriptions from investors, on the Allocation Date (see *"Allocation of the Offer Shares"* below) and there shall be no minimum size for the Offering Tranches. Upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may decide to re-allocate Offer Shares, representing a maximum of 10% of the total number of Offer Shares, from one Offering Tranche to the other Offering Tranche, on the basis of the subscription levels in each Offering Tranche. The re-allocation from the Retail Tranche to the Institutional Tranche shall occur only in case the Retail Tranche is less than 200% subscribed. For the avoidance of doubt, the reallocation of Shares from one Offering Tranche to the other will be made in compliance with the Alternative Split. A re-allocation between Offering Tranches shall neither require nor be deemed as an amendment to the Prospectus.

The Offer Shares within each of the Offering Tranches above are of the same class (ordinary shares), are subject to the same legal provisions and confer the same rights and obligations to their owners. There are no Offering Tranches specifically reserved for certain markets.

By subscribing for Offer Shares, each Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus and warrants to the Selling Shareholder, the Company and the Managers that it is an investor who may lawfully acquire the Offer Shares (without being subject to any restriction or limitation) under its jurisdiction of residence. Any acquisition made in breach of this Prospectus or in breach of applicable law shall be invalid and shall be cancelled.

#### **Offer Price**

The Offer Shares are offered at the Offer Price Range of RON 19.00 to RON 21.50 per Offer Share. Retail Investors must subscribe for the Offer Shares at the fixed price of RON 21.50, which is the top of the Offer Price Range. Institutional Investors may validly subscribe for the Offer Shares at any price within the Offer Price Range (including the bottom and the top of the Offer Price Range). The price tick for the subscription of Offer Shares by Institutional Investors is of RON 0.01.

Payment of the price for Offer Shares subscribed by investors must be made as set out in the sub-section *"Payment evidence"* for each of the sections *"Subscription of Offer Shares by Retail Investors"* and *"Subscription of Offer Shares by Institutional Investors"* below, as applicable.

Bank charges or any other charges, such as any capital market transactions fees, where the case, in connection with the submission of their subscription of the Offer Shares, costs (if any) associated with opening and maintaining a securities account (unless the investor already has such an account) and any broker's commission payable under any relevant agreements or pursuant to the policies of the entity accepting the subscription from investors shall be borne by the investors. Such charges cannot be quantified by the Company, the Selling Shareholder, or the Managers.

#### **Bookbuilding**

During the Offer Period, a bookbuilding process for the Offer Shares will be carried out. During the bookbuilding process, the Managers will gauge the level of interest in the Offering on the part of Institutional Investors and the price sensitivity of such Institutional Investors in relation to the Offer Shares. Institutional Investors will be required to specify the number of Offer Shares which they would be prepared



to acquire and the related price for such Offer Shares. Such number of Offer Shares and the price at which such investors express their interest will be recorded in a book maintained by the Joint Global Coordinators (the "Book"). Subscriptions received from Retail Investors in relation to the Offer Shares will not be included in the bookbuilding process.



#### ***Final Offer Price***

##### ***Final price for the Institutional Tranche***

The allocated Offer Shares will be sold to Institutional Investors at the Final Offer Price and only to those investors who subscribed Offer Shares at a price equal to, or higher than, the Final Offer Price.

##### ***Final price for the Retail Tranche***

Retail Investors are entitled to a discount of 5% of the Final Offer Price (the "**Discounted Final Offer Price**") for applications validly submitted in the first 3 (three) Business Days of the Offer Period (i.e., until and including 10 May 2024), except for applications submitted by Mr. Garza and Mr. Stohr which will not benefit of the Discounted Final Offer Price. The application of the discount for the Offer Shares purchased within the Retail Tranche will depend on the moment of registration of the trading order in the trading system of the Bucharest Stock Exchange.

Offer Shares which are subscribed for in the Retail Tranche starting with the 4<sup>th</sup> (fourth) Business Day of the Offering will be sold to Retail Investors at the Final Offer Price. For the avoidance of doubt, if a Retail Investor places one or several subscriptions in the first 3 (three) Business Days of the Offering and one or several other subscriptions after the 3<sup>rd</sup> (third) Business Day of the Offering, the discount shall be applied only to the subscription(s) placed by the relevant Retail Investor within the first 3 (three) Business Days of the Offering. The Final Offer Price will be determined by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators based on the expressions of interest made by the Institutional Investors during the bookbuilding process. The Final Offer Price cannot be higher than RON 21.50, which is the top of the Offer Price Range, but the Discounted Final Offer Price can be lower than RON 19.00, which is the minimum of the Offer Price Range.

The successful closing of the Offering will be subject *inter alia* to: (i) the determination of the Final Offer Price, (ii) each of the Company's, the Selling Shareholder's and the Joint Global Coordinators' decisions to proceed with the Offering and (iii) the satisfaction of conditions contained in the Underwriting Agreement and to the Underwriting Agreement not having been terminated (the "**Successful Closing of the Offering**"). Further details of the Underwriting Agreement are set out in paragraph "*Underwriting Agreement*" below. For the avoidance of doubt, the number of Offer Shares subscribed in the event of a Successful Closing of the Offering can be less than 100%.

#### ***Price announcement***

The Company and the Selling Shareholder will notify the investors, the FSA and the BSE with respect to the Final Offer Price and the Discounted Final Offer Price at the latest on the Transaction Date. The relevant pricing notification will be published on the websites of the BSE ([www.bvb.ro](http://www.bvb.ro)) and of the Company [www.premierenergygroup.eu](http://www.premierenergygroup.eu).

#### ***Price reimbursement***

In case:

- (i) the Final Offer Price or the Discounted Final Offer Price, as applicable, is lower than the price already paid by a Retail Investor for each Offer Share that it subscribed, or
- (ii) the number of Offer Shares allocated to a Retail Investor is lower than the number of Offered Shares that such Retail Investor subscribed and validly paid for,

an amount equal to the difference between (a) the total consideration paid in advance by that Retail Investor for the Offer Shares that it subscribed; and (b) the number of Offer Shares sold to the relevant Retail Investor multiplied by the Final Offer Price or the Discounted Final Offer Price, will be returned to the relevant Retail Investor, in each case less any bank transfer commissions and any applicable commissions of the relevant market institutions, to the investor's bank account indicated in the subscription form submitted in





relation to the subscription of Offer Shares (the "Subscription Form"), in the investment services agreement or as otherwise agreed with the Manager or the Eligible Participant (as defined below) with whom the subscription is made, as applicable, within 5 (five) Business Days of the expiry of the Offer Period. No interest shall be payable to investors in respect of such amounts.

Each Retail Investor who applied for Offer Shares shall be returned the total consideration paid in advance by that Retail Investor for the Offer Shares, if:

- a) the Offering is not successfully closed and, as a consequence, all subscriptions are rejected;
- b) the Offering is revoked in the circumstances in which such revocation is permitted by the terms and conditions of the Prospectus or by the applicable law;
- c) the subscription of that Retail Investor is not validated; and/or
- d) the subscription is withdrawn in case a supplement to the Prospectus is published and the Retail Investor is entitled as a consequence to withdraw its subscription.

In each of the above cases, the consideration will be returned without interest and less any bank transfer commissions and any applicable commissions of the relevant market institutions. This amount shall be returned to the bank account indicated by each Retail Investor, in the Subscription Form submitted in relation to the subscription of Offer Shares, in the investment services agreement or as otherwise agreed with the Joint Bookrunner or the Eligible Participant (as defined below) with whom the subscription is made, as applicable, within 5 (five) Business Days as of (i) the expiry of the Offer Period; or (ii) the announcement regarding the revocation of the Offering is published; or (iii) the date when the subscriptions were rejected / invalidated; or (iv) the date the relevant subscriptions are withdrawn in case a supplement to the Prospectus is published (as the case may be).

In the event the application for Admission is refused by BSE, the investors are entitled in accordance with Article 103 of the Regulation No. 5/2018 to request reimbursement of the funds paid within 60 days from the date of the publication of the announcement regarding the refusal of the request for the Admission. In no event shall this amount be returned later than 3 (three) Business Days from the date when the funds reimbursement application has been received. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the Joint Bookrunners or the Eligible Participant reserve the right to pay the whole amount to be reimbursed to only one of the accounts indicated by the investor. Payments to the investors' bank accounts will be made firstly for validated subscriptions and subsequently for the invalidated subscriptions. The Joint Bookrunners will not be liable for any failure to transfer such amounts, which occurs as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

By subscribing in the Offering, each investor fully authorizes and instructs each of the Joint Bookrunners or the relevant Eligible Participant to take any and all actions necessary or advisable, including by signing any subscription or other documents or making any registration in the investor's name and on its behalf, in front of the Central Depository, the Bucharest Stock Exchange, the Trade Register or any other authority as to fully reflect and give effect to the revocation of the Offering and the subsequent reimbursement of funds in the circumstances in which such revocation and/or reimbursement of funds is applicable.

#### **Subscription of Offer Shares by Institutional Investors**

Valid subscriptions for Offer Shares by Institutional Investors will be collected in the Book. The Joint Global Coordinators do not intend to make public the contents of the Book or any information related to subscriptions for Offer Shares by Institutional Investors (including, but not limited to, the subscription level). No minimum subscription requirement applies to Institutional Investors.

Institutional Investors may pay brokerage fees in accordance with the relevant investment services agreement concluded with a Manager or an affiliate of a Manager. Investors will not bear any additional costs or taxes in connection with the submission of acquisition orders for the Offer Shares, except for the costs (if any) associated with opening and maintaining a securities account (unless such investor already has an account) and any brokerage commissions payable under any relevant agreements or pursuant to the regulations of the entity accepting such acquisition orders.





#### ***Time schedule and locations for subscriptions within the Institutional Tranche***

Subscriptions of Offer Shares within the Institutional Tranche can be made only through the Managers.

Institutional Investors can subscribe for Offer Shares during the entire Offer Period, during the working hours of the relevant Manager.

#### ***Subscription documentation for Institutional Investors***

Any Institutional Investor wishing to subscribe in the Offering must have concluded an investment services agreement with any of the Managers. Any such Institutional Investor may validly subscribe for Offer Shares on the basis of orders given as a regular investment services business and by any means of communication provided by that agreement, without being required to submit any subscription form or identification documentation.

#### ***Payment evidence***

The payment of the Final Offer Price for the Offer Shares allotted to an Institutional Investor must be guaranteed through:

1. Evidence that the Final Offer Price for the allotted Offer Shares has been transferred into the relevant investment services account before 16:00 (Romania time) on the Transaction Date. Such amounts will not, for the avoidance of any doubt, bear interest in favour of the Institutional Investors. Investors must also consider possible transfer fees and, if applicable, management fees. The Managers will not be liable if, for reasons outside their control, the relevant investment services account is not effectively credited with the amount representing the Final Offer Price for the allotted Offer Shares at the latest at 16:00 (Romania time) on the Transaction Date.
2. A settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement behalf of the Institutional Investor;
3. A guarantee letter issued by a credit institution from the European Union covering the settlement risk undertaken by the relevant Manager; or
4. A settlement commitment statement issued by the relevant Manager or any of its affiliates undertaking the responsibility for the settlement in compliance with the FSA limitations.

The guarantee or commitment must include any applicable fees.

Each Institutional Investor undertakes to pay the Final Offer Price for the Offer Shares allocated to such investor in such manner as shall be directed by the relevant Manager.

#### ***Subscription of Offer Shares by Retail Investors***

**By subscribing for Offer Shares, each Retail Investor confirms that it has read this Prospectus, that it has accepted the terms and conditions set out in this Prospectus and that it has made the subscription according to the terms included in this Prospectus and warrants to the Selling Shareholder, the Company, the Managers and the Eligible Participants that he/she/it is an investor who may lawfully acquire the Offer Shares (without being subject to any restriction or limitation) under its jurisdiction of residence. Any application / subscription made in breach of this Prospectus or in breach of applicable law shall be invalid and shall be cancelled.**

The minimum subscription of Offer Shares by a Retail Investor is 100 Offer Shares. Retail Investors are allowed to submit multiple subscriptions.

Retail Investors can subscribe through any of the Joint Bookrunners, the BT Distribution Group (as defined below) or any Eligible Participant, in accordance with section "*Subscription Process for Retail Investors*".

Retail Investors may pay brokerage fees in accordance with the relevant investment services agreement concluded with the Joint Bookrunners/Eligible Participant and/or the internal policies and regulations of the Joint Bookrunners/Eligible Participant.



#### *Time schedule and locations for subscriptions within the Retail Tranche*

Subscriptions for Offer Shares by Retail Investors can be made during the entire Offer Period during the business hours of the Joint Bookrunners/Eligible Participants (as defined below) **except that** on the last Business Day of the Offer Period (namely on 15 May 2024) subscriptions will be accepted only until 12:00 p.m. (Romania time).

Retail Investors can subscribe for Offer Shares through:

- BT Capital Partners ("BTCP") - at its headquarter at 74-76 Constantin Brancusi Street, ground floor, Cluj-Napoca, Romania, at any BTCP unit mentioned at <https://btcapitalpartners.ro/reteaua-bt-capital-partners> and at Banca Transilvania units (the "BT Distribution Group") as mentioned at <https://www.bancatransilvania.ro/retea-unitati>;
- Alpha Bank Romania ("Alpha Bank") - at its offices at City Gate Building, North Tower, Piata Presei Libere No 3-5, Bucharest, Romania and any Alpha Bank unit mentioned at: <https://www.alphabank.ro/investitii-financiare/operatiuni-in-derulare/ipo-premier-energy>
- any Eligible Participant from the list published on the website of the BSE at [www.bvb.ro](http://www.bvb.ro), at its respective authorized venue.

or as otherwise agreed in the investment services agreement concluded between that Retail Investor and the relevant Joint Bookrunner/ Eligible Participant, if the case.

The following Retail Investors can apply for Offer Shares only at the headquarters of Alpha Bank mentioned above or BTCP (and not, for the avoidance of doubt, through the respective branches/units of Alpha Bank or BTCP): (i) Retail Investors who are resident/non-resident individuals or resident entities and use the services of a custodian agent or submit a bank guarantee or a settlement commitment letter from Alpha Bank or BTCP; and (ii) Retail Investors who are non-resident legal entities, irrespective of whether they are using the services of a custodian agent.

"**Eligible Participants**" means any intermediaries (other than the Joint Bookrunners), which are investment firms or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange, and which (i) have signed an irrevocable and unconditional undertaking (the "**Engagement Letter**") to observe the provisions of this Prospectus and the applicable law, in the form made available by the BTCP and (ii) have submitted the Engagement Letter to BTCP in the form agreed therewith. A list of Eligible Participants shall be published on the website of the Bucharest Stock Exchange, [www.bvb.ro](http://www.bvb.ro).

Eligible Participants may not accept, register, process and/or validate subscriptions prior to the execution and submission to BTCP of a signed copy of the Engagement Letter. Each Eligible Participant must comply (and must ensure that its internal systems allow it to comply) and is exclusively liable for any non-compliance with the requirements set out in this Prospectus including, without being limited to, the requirements regarding the availability of funds and the settlement of the transactions carried out following the acceptance of subscriptions by the respective Eligible Participant.

Neither the Joint Bookrunners nor the Company or the Selling Shareholder will be liable for any non-compliance with the requirements set out in this Prospectus by any Eligible Participant. Any subscription / acquisition order with participants which are not Eligible Participants/Joint Bookrunners shall not be taken into consideration and the Company, the Selling Shareholder and the Managers shall have no liability whatsoever in relation thereto.

Trading orders corresponding to each subscription of Offer Shares made by Retail Investors will be registered, during the Offer Period, in the BSE relevant segments of the public offerings market, designated to the Retail Tranche, by the Joint Bookrunners or/and by any Eligible Participant that received and validated the respective subscription, as applicable.

#### *Subscription Process for Retail Investors*

The minimum subscription for Offer Shares by a Retail Investor must be for no less than 100 Offer Shares.





If a Retail Investor has not concluded an investment services agreement with a Joint Bookrunner or an Eligible Participant, such Retail Investor can validly subscribe for Offer Shares by submitting:

- (1) a duly filled-in Subscription Form in two (2) original copies;
- (2) a Payment Evidence (as defined below); and
- (3) the requested documents listed at "*Subscription Documents*" below.

The Subscription Form will be available at the locations mentioned above in section "*Subscription of Offer Shares by Retail Investors - Time schedule and locations for subscriptions by Retail Investors*" or as otherwise communicated by the relevant Joint Bookrunner or Eligible Participant.

If a Retail Investor has concluded an investment services agreement with a Joint Bookrunner or an Eligible Participant, such Retail Investor may validly subscribe for Offer Shares on the basis of purchase orders under such investment services agreement and by any means of communication provided by such an agreement, without being required to submit any Subscription Form or identification documents (unless any changes occurred in relation to his/her identification data since the latest update).

Subscription Forms related to Offer Shares for which:

- (a) the amount (i) transferred into the relevant Collection Account(s) or the investment services account(s) or (ii) indicated in the settlement commitment statement or the bank guarantee, is not higher than or equal to the number of Offer Shares subscribed by that Retail Investor multiplied by the top of the Offer Price Range; or
  - (b) the subscription procedures were not complied with,
- will not be validated.

Subscriptions for Offer Shares that are not validated will not be considered in the allocation process. Retail Investors whose subscription forms for Offer Shares were not validated will be notified accordingly and the amounts paid will be returned to them in the account referred to in the Subscription Form within 5 (five) Business Days from the last Business Day of the Offer Period.

The Joint Bookrunners shall validate a Subscription Form exclusively at the time when the respective amount is credited in full to the relevant Collection Account(s). For the avoidance of doubt, in order for a Subscription Form to be valid, the amount payable for the subscribed Offer Shares must be paid in full.

Joint Bookrunners and Eligible Participants shall accept, validate, transmit and execute purchase orders into the system of the BSE in accordance with their internal regulations and the rules regarding settlement risks management and the requirements provided for in this Prospectus and the applicable legislation.

A subscription for the Offer Shares in the Retail Tranche means that the relevant Retail Investor agrees to acquire the allocated Offer Shares at the Final Offer Price or the Discounted Final Offer Price, as applicable.

When making a subscription, each Retail Investor will also be required to represent and warrant, among others, that he/she/it is not located in the United States and is not acting on behalf of anyone located in the United States.

The Joint Bookrunners or the Eligible Participants may prepare certain materials for distribution or may otherwise provide information or advice to Retail Investors. Any such materials, information or advice are solely the responsibility of the respective Joint Bookrunner, and / or of the Eligible Participants, respectively, and will not be reviewed or approved by any of the other Managers, the Selling Shareholder or the Company. Any liability relating to such documents will be for the respective Joint Bookrunners and/or the Eligible Participants only.

Each investor who applies for Offer Shares in the Retail Tranche shall, by subscribing for Offer Shares, be deemed to acknowledge and agree that (i) such investor is not relying on any information or representation other than as is contained in the Prospectus, the Final Offer Price statement or any supplement to the Prospectus, (ii) if the laws of any jurisdiction outside Romania are applicable to such investor's agreement with the Joint Bookrunners or the Eligible Participant with whom the subscription of Offer Shares is made,



such investor has complied with all laws of such jurisdictions and none of the Company, the Selling Shareholder, the Joint Bookrunners or the Eligible Participants will infringe any laws of any jurisdiction outside Romania as a result of such investor's rights and obligations under such investor's agreement, and (iii) such investor's personal information may be held and used by the Joint Bookrunners or the Eligible Participant with whom the subscription is made, the Joint Bookrunners, the Selling Shareholder or the Company for purposes relating to the Offering, which may include providing its details to third parties for the purpose of performing credit reference checks, money laundering checks and making tax returns, and keeping a record of applicants under the Offering for a reasonable period of time.

The Joint Bookrunners and the relevant Eligible Participant, as the case may be, are entitled to request any documents for the purpose of carrying out their duty to comply with the "know your customer" rules, based on their internal norms and procedures of client identification.

#### ***Payment evidence***

Subscriptions for Offer Shares by Retail Investors will be validated only if, no later than the last Business Day of the Offer Period, Subscription Forms are accompanied by the documents listed at "Subscription Documents" below and by one of the following documents (each, a "Payment Evidence"):

(A) Evidence that the price for the Offer Shares subscribed by that Retail Investor has been paid, as follows:

- for subscriptions through a Joint Bookrunner- (i) a payment order whereby the price for the subscribed Offer Shares has been transferred to the Collection Account opened by the Joint Bookrunner which it subscribed through or any other evidence accepted by the relevant Joint Bookrunner that the relevant Collection Account was duly credited with such amount, or (ii) bank transfers/ sufficient funds available in the investment services account(s) opened with the Joint Bookrunner through which the subscription is made, in case the relevant Retail Investor has concluded a valid investment services agreement with such Joint Bookrunner, as applicable; or
- for subscriptions through an Eligible Participant – the subscription price for the Offer Shares may be paid, in cash or by bank transfer, depending on the internal procedures of the respective Eligible Participant as communicated by each Eligible Participant to Retail Investors;

provided that such amounts credit the relevant Collection Account no later than 16:00 Romania time on the last Business Day of the Offer Period.

The RON Collection Accounts for subscriptions of Offer Shares are the following:

- the RON bank account having the IBAN RO71BUCU0011630007003RON opened with Alpha Bank Romania (if the subscription is submitted through Alpha Bank Romania);
- the RON bank account having the IBAN RO73BTRL0130120292569000 opened with Banca Transilvania S.A. (if the subscription is made through BTCP or the BT Distribution Group);

The bank account number (IBAN) to be filled in by a Retail Investor in the Subscription Form must be the number of the bank account out of which the subscription amount is effectively transferred to the relevant Collection Account.

No deposit in cash directly to the Collection Accounts or to the Joint Bookrunners' investment services accounts is accepted. The amounts transferred by Retail Investors, representing the value of the subscribed Offer Shares, will not bear interest in favour of such Retail Investors.

For those subscriptions where payment is made by payment order, each payment order is equivalent to a subscription and combining several payment orders for one single valid subscription is not possible.

No Joint Bookrunner will be liable if, for reasons outside its control, the relevant Collection Accounts or investment services accounts are not effectively credited with the amounts





representing the value of the subscriptions no later than 16:00 Romania time on the last Business Day of the Offer Period; or

- (B) Settlement commitment statement issued by the custodian agent undertaking the responsibility for the settlement; or
- (C) Bank guarantee letter issued by a credit institution from the European Union for the purpose of covering the settlement risk undertaken by the relevant Joint Bookrunner or Eligible Participant; or
- (D) Settlement commitment statement issued by the relevant Joint Bookrunner or Eligible Participant or an affiliate of that Joint Bookrunner with whom the purchase order is placed, undertaking the responsibility for the settlement for the value of the order, in compliance with the FSA regulations.

Retail Investors which have an investment services agreement with one of the Joint Bookrunners or Eligible Participants and which subscribe through that Joint Bookrunner or Eligible Participant may also subscribe using the amounts existing in the investment services account(s) and/or using a settlement commitment statement. In this case, Retail Investors shall ensure that the existing amounts from their investment services account(s) and/or the settlement commitment statement fully cover the subscribed amount.

A subscription cannot be covered by a mix of amounts available in the investment services account(s) and a payment order for the remaining amount.

The existing amount from the investment services account opened with the respective Joint Bookrunner or Eligible Participant which is designed for the payment of the subscribed Offer Shares cannot be used by the Retail Investor for other transactions.

If the amount (i) transferred by a Retail Investor into the relevant Collection Account(s) or the investment services account(s) or (ii) indicated in the bank guarantee or settlement commitment statement, is higher than the top of the Offer Price Range multiplied by the number of Offer Shares indicated by that Retail Investor in the Subscription Form / purchase order, the subscription will only be validated for the number of offer shares mentioned in the Subscription Form / purchase order. In circumstances where the amount (a) transferred to the collection account(s) or the investment services account(s) or (b) indicated in the bank guarantee or the settlement commitment statement is lower than the subscribed amount, the Subscription Form will be invalidated for the entire subscribed amount.

The price for the purchased Offer Shares does not include bank fees, account opening fees or other applicable charges, including any applicable fees and commissions of the relevant capital market institutions, nor any commissions charged by the Joint Bookrunner /Eligible Participant which subscriptions are placed with. Such fees and charges shall be borne separately by the Retail Investors. When making the necessary payments, Retail Investors must take into consideration the charges applicable to bank transfers and the duration of bank transfers.

Each Joint Bookrunner and Eligible Participant will communicate to Retail Investors who subscribe through it the fees that will be payable by Retail Investors in connection with the submission of their subscriptions of the Offer Shares, including the costs (if any) associated with opening and maintaining a securities account (unless the Retail Investor already has such an account), the issuance of settlement commitments, investment services commissions payable under any relevant agreements or pursuant to the regulations of the entity accepting the subscription from Retail Investors and any fees charged by the BSE and the Central Depository. Such charges cannot be quantified by the Company, the Selling Shareholder or the Joint Bookrunner for the purpose of this Prospectus.

A subscription cannot be covered by a mix of amounts available in the client account(s) and another Payment Evidence for the remaining amount. The existing amount from the client account opened with the relevant Joint Bookrunner or Eligible Participant which is allocated for the payment of the subscribed Offer Shares cannot be used by the Retail Investor for other transactions.



### Subscription Documents

In order to be accepted, Subscription Forms for Offer Shares subscribed for by investors must be accompanied by a Payment Evidence and by the documents set out below, depending on each type of investor.

- |                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Resident individuals subscribing in their own name:</b>                                           | ➤ ID (original).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Resident individuals subscribing in the name of other individuals:</b>                            | ➤ ID (original) of the representative and the ID (in copy) of the represented individual; and<br>➤ Power of attorney covering the subscription in the Offering in authenticated form (original and copy).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Resident individuals with no legal capacity (impaired judgment) or placed under guardianship:</b> | ➤ ID (original) of the resident individual subscribing for the represented individual and the ID of the person with no legal capacity (copy);<br>➤ Passport (original) and/or residence permit (original and copy) of the individual subscribing for the person with no legal capacity – applicable only to foreign citizens; and<br>➤ The guardianship document or, as appropriate, the trustee or the special trustee document (original and copy).                                                                                                                                                                                                                                                                                                                                                       |
| <b>Resident corporate entities subscribing in their own name:</b>                                    | • Registration certificate issued by the relevant trade registry (copy);<br>➤ Certificate of current standing dated not earlier than 30 Business Days prior to the date of subscription, issued by the relevant trade registry in original or online, evidencing the legal representative(s) of the resident entity;<br>➤ Extract from the UBO Register or an equivalent document attesting the Beneficial owner of the entity (original) issued no more than 30 Business Days prior to the date of subscription;<br>➤ In case subscriptions are made through a person other than the legal representative(s), power of attorney/Mandate (original and copy) for the person signing the Subscription Form;<br>➤ ID (original) of the person subscribing in the name of the legal person; and<br>➤ LEI Code. |
| <b>Non-resident individual subscribing in their own name:</b>                                        | ➤ Passport or ID for citizens of the EU/EEA (original and copy); and<br>➤ Investor identification code according to art. 6 and Annex I of Commission Delegated Regulation (EU) 2017/590 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities ("CDR (EU) 2017/590").                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Non-resident individual subscribing through resident authorised representatives:</b>              | ➤ Passport or ID, for citizens of the EU/EEA (copy) for the represented individual;<br>➤ ID for the authorised representative (original and copy);                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |





- Investor identification code according to art. 6 and Annex I of ECDR (EU) 2017/590; and
  - Authenticated power of attorney setting out that the representative is authorised to act in the name of the non-resident individual (original and copy).
- Non-resident corporate entities subscribing in their own name:**
- Certificate of incorporation of the non-resident corporate entity issued by the relevant trade registry or by any equivalent institution, if existing (copy);
  - Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Registry of Commerce or by an equivalent institution (issued no more than 30 Business Days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 Business Days prior to the date of subscription); such corporate document of the non-resident corporate entity shall set out clearly whether the legal representatives are entitled to act individually or jointly;
  - Extract from the UBO Register or an equivalent document attesting the Beneficial owner of the entity (original) issued no more than 30 Business Days prior to the date of subscription;
  - In case subscriptions are made through a person other than the legal representative(s) of the non-resident corporate entity, the Power of attorney/Mandate signed by the legal representatives of the non-resident corporate entity empowering the respective person to subscribe on behalf of the non-resident corporate entity in the Offer Shares (in original and in copy);
  - IDs for the person making the subscription as legal representative or attorney in fact of the non-resident corporate entity: passport, ID, for citizens of EU/EEA (copy); and
  - LEI Code.
- Non-resident corporate entities subscribing through a resident corporate entity:**
- Certificate of incorporation of the non-resident corporate entity issued by the relevant trade registry or by any equivalent institution, if existing (copy);
  - Certificate of current standing, in original, for the non-resident corporate entity evidencing the legal representatives of the non-resident entity issued by the Registry of Commerce or by an equivalent institution (issued no more than 30 Business Days prior to the date of subscription). If no authority or institution is authorised to issue such certificate, any corporate document evidencing the legal representatives of the non-resident corporate entity shall be submitted (issued no more than 30 Business Days prior to the date of subscription); such corporate document shall set out clearly whether the legal representatives are entitled to act individually or jointly;
  - Extract from the UBO Register or an equivalent document attesting the Beneficial owner of the entity (original) issued no more than 30 Business Days prior to the date of subscription;



Incorporation certificate for the representing resident corporate entity issued by the relevant trade registry (copy);

Certificate of current standing, in original, for the representing resident corporate entity issued by the relevant trade registry (not older than 30 Business Days prior to the date of subscription);

- ID for the legal representative of the representing resident corporate entity subscribing on behalf of the non-resident corporate entity (original);
- In case subscriptions are made through a person other than the legal representative(s), power of attorney signed by the legal representative(s) of the non-resident corporate entity empowering the resident corporate entity to subscribe to the Offering; and
- LEI Code.

**International Financial Institutions (IFIs)**

- Constitutive act of the IFI or a copy of the Romanian law whereby Romania accepts or adheres to the constitutive act of the relevant IFI;
- In case subscriptions are made through a person other than the legal representative(s), power of attorney/Certificate empowering the person who will sign the Subscription Form to subscribe on behalf of the IFI (in original or notarised copy);
- ID for the person who signs the Subscription Form on behalf of the IFI (copy); and
- LEI Code.

The Joint Bookrunner (or affiliate of a Joint Bookrunner) or Eligible Participant, as the case may be, through which an investor subscribes is entitled (i) to request any additional documents for the purpose of carrying out its duty to comply with the "know your customer" rules, based on its internal norms and procedures of client identification or (ii), on the contrary to waive any of the documents listed above. Each investor must comply with the appropriate money laundering checks and other relevant internal procedures required by the relevant Joint Bookrunner (or affiliate of a Joint Bookrunner) or the Eligible Participant through whom he/she/it subscribed for Offer Shares.

Official documents in a language other than Romanian or English submitted by an investor shall be apostilled or over-legalized, as the case may be, and accompanied by a notarised translation thereof in Romanian or English.

In case of investors without legal personality, the identification documents of the management company must be submitted.

**Change and Withdrawal of acceptance to purchase or subscribe for the Offer Shares**

Institutional Investors may change the number of subscribed Offer Shares or withdraw their initial subscription of Offer Shares until the close of the Book on the last Business Day of the Offer Period (inclusive). The change of subscriptions by Institutional Investors will be subject to the same submission, processing and validation requirements as those for the initial subscription. Retail Investors may not change or withdraw any subscriptions for Offer Shares unless the Prospectus is subject to a supplement.

The acceptances to purchase or subscribe for the Offer Shares (each an "Acceptance") made within the Offering by the Retail Investors are irrevocable, except for the situation provided by article 23 para. (2) of the Prospectus Regulation. If the Prospectus is subject to a supplement, the Acceptance may be withdrawn within 2 (two) Business Days from the date when the respective supplement to the Prospectus is published, provided that the significant new factor, material mistake or material inaccuracy arose or was noted before





the closing of the Offer Period. The final date up to which the right of withdrawal can be exercised shall be stated in the supplement.

The withdrawal of the Acceptance by Retail Investors in the event the Prospectus is subject to a supplement may be done by submitting a duly filled in subscription revocation form at the same unit of the Joint Bookrunners or of the Eligible Participant through which the subscription was made and under the same documentation requirements.

The change of the Acceptance by Retail Investors in the event the Prospectus is subject to a supplement may be done by withdrawing the initial subscription and submission of new subscriptions subject to the same submission, processing and validation requirements as the ones for the initial subscription.

If subscriptions are withdrawn, Retail Investors shall be reimbursed the entire amount paid by them corresponding to the withdrawn Acceptances, in each case less any bank transfer commissions and any applicable commissions charged by the relevant market institutions, to the bank account indicated by each investor for the reimbursement of any such amounts, within maximum 5 (five) Business Days as of the date the relevant Acceptances have been withdrawn by the investors. No interest shall be payable to investors in respect of such amounts.

If an investor has indicated more than one account for the reimbursement of any such amounts, the whole amount may be reimbursed to only one of the accounts indicated by the investor. The Joint Bookrunners or the Eligible Participant will not be liable for any failure to transfer the amounts corresponding to the withdrawn Acceptances which occur as a result of the information provided by an investor for such purposes having been incomplete or incorrect.

If a supplement to the Prospectus is published, such supplement will be made available in the same manner in which the Prospectus is being made available. The arrangements for withdrawing offers to acquire Offer Shares shall be made clear in the supplement to the Prospectus.

#### **Allocation of the Offer Shares**

The subscribed Offer Shares will be allocated to investors by the Company and the Selling Shareholder upon the recommendation of, and in consultation with the Joint Global Coordinators, on the Allocation Date.

Upon the recommendation of, and in consultation with, the Joint Global Coordinators, the Company and the Selling Shareholder may decide to re-allocate Offer Shares, representing a maximum of 10% of the total number of Offer Shares, from one Offering Tranche to the other Offering Tranche on the basis of the subscription level in each Offering Tranche. The re-allocation from the Retail Tranche to the Institutional Tranche shall occur only in case the Retail Tranche is less than 200% subscribed. For the avoidance of doubt, the reallocation of Shares from one Offering Tranche to the other will be made in compliance with the Alternative Split. A re-allocation between Offering Tranches shall neither require nor be deemed as an amendment to the Prospectus.

The final number of Offer Shares (including any Upsize Shares, as the case may be) and the final size of each Offering Tranche will be decided by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators, on the Allocation Date, based on a number of factors, such as the level of subscriptions in the Book, prevailing market conditions, the objective of encouraging the development of an orderly and liquid after-market in the Shares, etc.

#### ***Allocation of Offer Shares within the Retail Tranche***

If the number of Offer Shares validly subscribed within the Pro-rata Allocation Part of the Retail Tranche is lower than, or equal to, the Offer Shares allocated to such part of the Retail Tranche (as determined on the Allocation Date), each valid subscription of Retail Investors will be allocated the number of subscribed Offer Shares. The final number of Offer Shares allotted will be notified using the same publication arrangements as those used for the Prospectus.

If the number of Offer Shares validly subscribed within the Pro-rata Allocation Part of the Retail Tranche is higher than the Offer Shares allocated to such part of the Retail Tranche (as determined on the Allocation Date) (i.e. over-subscription), the Offer Shares from the Retail Tranche will be allocated (after having firstly applied the Preferred Allocation, if the case) for each valid subscription of Retail Investors proportionally





to the number of Offer Shares in such subscription (pro-rata allocation). For the avoidance of any doubt, with the exception of the subscriptions by Mr. Garza and Mr. Stohr within the Preferred Allocation, such *pro rata* allocation will equally apply to all subscriptions in the Retail Tranche, whether submitted within the first three (3) Business Days of the Offer Period or within the other Business Days of the Offer Period.

To this end, a pro-rata factor shall be calculated for the Offer Shares allocated to the Pro-rata Allocation Part of the Retail Tranche as follows:

Pro-rata factor = Total number of Offer Shares allocated to the Retail Tranche, after deducting the Reserved Shares allocated within the Limit of the Preferred Allocation, if the case / Total number of Offer Shares applied (subscribed) for in the Pro-rata Allocation Part of the Retail Tranche.

Each subscription by Retail Investors (other than subscriptions for Reserved Shares) shall be allocated a number of Offer Shares equal to the number of Offer Shares validly applied for by it, multiplied by the pro-rata factor, which will have 10 (ten) decimal places.

If the number of Offer Shares allocated to a subscription of a Retail Investor after the *pro rata* allocation is not an integer, the number of Offer Shares allocated to the relevant subscription shall be rounded down to the immediately lower integer.

For the purpose of allocating any remaining Offer Shares (resulting from such rounding down of the number of Offer Shares within the process of *pro rata* allocation), subscriptions of Retail Investors shall be ranked in decreasing order based on the number of Offer Shares subscribed by each of them and, if one or more subscriptions refer to the exact number of Offer Shares they will be ranked in increasing order based on the time stamp in the BSE electronic system associated with their trading order, and the resulting unallocated Offer Shares shall be allocated one per subscription (but so that the number of Offer Shares allocated in aggregate to a subscription does not exceed the number of Offer Shares initially requested through that subscription), starting with the largest subscription..

In case of over-subscription, Retail Investors will be reimbursed the difference between the amount paid for the subscribed Offer Shares and the amount calculated as the Discounted Final Offer Price / Final Offer Price multiplied by the number of allocated Offer Shares (less the bank transfer commissions and any applicable commissions of the relevant market institutions), to the investor's bank account indicated in the investment services agreement or as otherwise agreed with the Joint Bookrunners or the Eligible Participant with whom the application for subscription is made, as applicable, within maximum 5 (five) Business Days from the end of the Offer Period. No interest shall be payable to investors in respect of such amounts.

By applying for Offer Shares in the Offering, Retail Investors acknowledge and agree that they may be allocated fewer Offer Shares than they have applied for, in accordance with the paragraphs above. Retail Investors also acknowledge and agree that they cannot refuse the Offer Shares allocated to them in accordance with this Prospectus and shall have no right to contest or oppose such allocation.

#### ***Allocation of Offer Shares within the Institutional Tranche***

The Company and the Selling Shareholder will determine, upon the recommendation of, and in consultation with, the Joint Global Coordinators, the number of Offer Shares allocated to each Institutional Investor, on the basis of the Book. On the Transaction Date, the Managers will notify each Institutional Investor the number of Offer Shares allotted to it.

When allocating the Offer Shares within the Institutional Tranche, the Company, the Selling Shareholder and the Joint Global Coordinators may consider, among others, certain qualitative criteria such as: investment policy; number of subscribed Offer Shares and support of the Offering; whether the expression of interest was received at the beginning of, or early in, the Offer Period; the price offered for the Offer Shares; qualitative feedback during the pre-deal investor education process; assets under management; equity investments in Romania or Central and Eastern Europe; other criteria that allow a high quality investor base and a positive evolution of the market price after the closing of the Offering.

By subscribing in the Offering, Institutional Investors acknowledge and agree that they may be allocated fewer Offer Shares than they have subscribed for or they may receive no Offer Shares at all. Institutional Investors also acknowledge and agree that they will have no right to request, and the Company, the Selling Shareholder and the Managers shall have no obligation to disclose, the reasons for their allocation and pricing decisions.





### **Transaction**

Orders corresponding to valid subscriptions for Offer Shares made by the Retail Investors are entered by the Joint Bookrunners and the Eligible Participants into the relevant segments of the public offerings market of the BSE, designated to Retail Investors, anytime during the Offer Period and until 12:00 p.m. (Romania time) on the last day of the Offer Period. The Managers can extend this period to the extent necessary.

On the Transaction Date the orders corresponding to the Offer Shares allocated to the Institutional Investors shall be registered in the relevant (Institutional Investor) segment of the public offerings market of the Bucharest Stock Exchange, exclusively in accordance with the allocations made by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators, provided that the corresponding subscriptions are validated and the payment, settlement commitment or bank guarantee letter for the allocated Offer Shares has been received.

The allocation of the Offer Shares made by the Company and the Selling Shareholder upon the recommendation of, and in consultation with, the Joint Global Coordinators is mandatory and is legally binding for the Institutional Investors.

On the Transaction Date, the Managers will place the sell orders for the Offer Shares in the BSE trading system.

In circumstances where, until the hour on the Transaction Date indicated by the Managers, there will be Institutional Investors that have not guaranteed the payment of the Offer Shares allocated to them using any of the options detailed in "*Subscription of Offer Shares by Institutional Investors – Payment evidence*", the Manager through which that Institutional Investor subscribed may re-allocate the relevant Offer Shares to other Institutional Investor(s), with the latter's consent and provided that such Institutional Investor(s) can guarantee the payment for the additionally allocated Offer Shares, as described above, by the time limit set by the Managers. The Managers will carry out the trades related to the Offer Shares through the BSE markets dedicated for the transactions of public offerings on the Transaction Date.

### **Settlement**

Settlement of the allocated Offer Shares will be made through the Romanian Central Depository clearing settlement system on the Settlement Date on or around 20 May 2024.

### **Underwriting Agreement**

The Company, the Selling Shareholder and the Managers will enter into the underwriting agreement on or around the date of this Prospectus (the "**Underwriting Agreement**") pursuant to which, on the terms and subject to the conditions contained therein, including the entry into of the pricing agreement between the Company, the Selling Shareholder and the Managers following the completion of the bookbuilding of the Offering (the "**Pricing Agreement**"), the Managers will, on a several and not a joint or joint and several basis, agree to use their reasonable endeavours to procure subscribers and/or purchasers for the number of Offer Shares set out in the Pricing Agreement or, failing which to subscribe for and/or purchase those Offer Shares themselves, and the Company will agree to issue and the Selling Shareholder will agree to sell those Offer Shares at the Final Offer Price or the Discounted Final Offer Price, as applicable, to subscribers and purchasers procured by the Managers or, failing which, to the Managers themselves in the proportion and manner agreed in the Underwriting Agreement.

Under the Underwriting Agreement, the Company and the Selling Shareholder will give certain customary representations and warranties (including, as appropriate, in relation to the Company's business, financial statements and legal compliance in relation to the Shares and in relation to the contents of this Prospectus) and indemnities to the Managers in connection with the Offering. The obligations of the parties to the Underwriting Agreement will be subject to certain conditions that are typical for an agreement of this nature, including, amongst others, the accuracy of the representations and warranties under the Underwriting Agreement, there having occurred no material adverse change in relation to the Group, and the execution of the Pricing Agreement between the Selling Shareholder, the Company and the Managers in relation to the final number of Offer Shares, the Final Offer Price and the Discounted Final Offer Price on or around the Allocation Date. In addition, upon the occurrence of specific events, such as conditions precedent not being satisfied or waived, the Underwriting Agreement may cease to have effect immediately at any time prior to the Admission and/or the Joint Global Coordinators (on behalf of the Managers) may





elect to terminate the Underwriting Agreement at any time prior to the Admission (or thereafter, the Joint Global Coordinators may do so (on behalf of the Managers) in respect of the Over-Allotment Option only).

In consideration for the services to be performed by the Managers, the Managers will receive from the Company and the Selling Shareholder a percentage of the gross proceeds of the Offering including, in the case of the Selling Shareholder, from the proceeds from the Greenshoe Option to the extent it has been exercised. In addition, the Company and the Selling Shareholder may, in their sole and absolute discretion, decide to award the Managers a discretionary fee representing a percentage of the gross proceeds of the Offering (including, in the case of the Selling Shareholder, from the proceeds from the Greenshoe Option to the extent it has been exercised).

#### **Stabilisation measures, Over-Allotment and Greenshoe Option**

##### ***Stabilisation***

In connection with Offering, Wood & Company, as Stabilisation Agent, on behalf of Citigroup, as the Stabilisation Manager, may (but will be under no obligation to), to the extent permitted by applicable law, effect stabilising transactions with a view to supporting the market price of the Shares at a higher level than that which might otherwise prevail in the open market.

The Stabilisation Manager is not required to enter into such transactions and such transactions may be effected on the BSE and may be undertaken at any time during the period commencing on the date of the Admission and ending no later than 30 calendar days thereafter. However, there will be no obligation on the Stabilisation Manager or any of its agents to effect stabilizing transactions and there is no assurance that stabilising transactions will be undertaken. In no event will measures be taken to stabilise the market price of the Offer Shares above the Final Offer Price. Such stabilisation, if commenced, may be discontinued at any time without prior notice. Except as required by law or regulation, neither the Stabilisation Manager nor any of its agents intends to disclose the extent of any stabilising transactions conducted in relation to the Offering.

##### ***Over-Allotment Option and stock-lending***

Under the possible stabilisation measures, the Managers were granted the Over-Allotment Option to allocate to investors, in addition to the Base Shares, Over-Allotment Shares up to a maximum of 15% of the total number of Base Shares at the Final Offer Price. For the purpose of such potential Over-Allotment, the Stabilisation Agent, for the account of the Managers, will borrow free of charge a number of Shares equal to the maximum number of Over-Allotment Shares from the holdings of the Selling Shareholder under the provisions of a stock-lending agreement. If the Stabilisation Agent borrows any Offer Shares pursuant to such stock lending agreement, it will be required to return equivalent securities to the Selling Shareholder by no later than 2 (two) Business Days following the end of the stabilisation period.

##### ***Greenshoe Option***

In connection with the potential placing of Over-Allotment Shares, the Selling Shareholder has granted the Managers the Greenshoe Option to acquire a number of Shares equal to the number of the borrowed Over-Allotment Shares, at the Offer Price less agreed commissions. The Greenshoe Option will be exercisable to the extent the Over-Allotment was initially exercised. The number of Shares from the holdings of the Selling Shareholder for which the Greenshoe Option is exercised is to be reduced by the number of Shares held by the Stabilisation Agent as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilisation Agent in the context of stabilization measures. The Greenshoe Option will terminate 30 calendar days after the First Day of Trading.

##### ***Lock-Up***

Pursuant to the Underwriting Agreement, the Company will agree that during the period from the date of the Underwriting Agreement to, and including, 360 calendar days from the Settlement Date (as defined below), neither it nor any member of its group will, among other things, directly or indirectly offer, issue, sell, contract to sell, pledge, sell or grant any option over, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell, or lend or otherwise transfer or dispose of the Shares, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or enter into any transaction with the same economic effect as any of the foregoing or publicly announce the intention to do any of the



foregoing, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), subject to customary exceptions.

Pursuant to the Underwriting Agreement (and, in the case of Mr. Stohr and Mr. Garza, a lock-up deed dated on or around the date of the Prospectus (the "**Lock-up Deed**")) each of the Selling Shareholder and Mr. Stohr and Mr. Garza will also agree that during the period from the date of the Underwriting Agreement to, and including, 180 calendar days (and respectively, 24 months in the case of Mr. Stohr and Mr. Garza) from the Settlement Date, it/he will not, among other things, directly or indirectly offer, issue, sell, contract to sell, pledge, sell or grant any option over, right, warrant or contract to purchase, exercise any option to sell, purchase any option or contract to sell or lend or otherwise transfer or dispose (or publicly announce any such issuance, offer, sale or disposal) of the Shares, enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of any Shares or enter into any transaction with the same economic effect as any of the foregoing, without the prior written consent of the Joint Global Coordinators (such consent not to be unreasonably withheld or delayed), subject to customary exceptions and in respect of the Selling Shareholder, subject to any disposal for the purpose of pledging or charging any Share to or for the benefit of a margin loan lender in connection with a margin loan granted to the Selling Shareholder and any disposal for the purpose of transferring, selling and/or appropriating any Shares pursuant to any enforcement thereof.

#### **Other Relationships**

The Managers and their respective affiliates may have engaged in transactions with, and performed various investment banking, commercial banking, financial advisory and other services for, the Company and the Selling Shareholder and their respective affiliates, for which they received customary fees. The Managers and their respective affiliates may provide such services for the Company and the Selling Shareholder and their respective affiliates in the future.

In connection with the Offering, each of the Managers and any affiliate, acting as an investor for its own account may take up the Offer Shares and, in that capacity, may retain, acquire or sell for its own account such Offer Shares and any related investments and may offer or sell such Offer Shares or other investments otherwise than in connection with the Offering. Accordingly, references in this Prospectus to the Offer Shares being offered or placed should be read as including any offering or placement of Offer Shares to the Managers and any affiliate acting in such capacity. None of the Managers intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so. In addition, in connection with the Offering, one of the Managers may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements where securities are used as collateral, which could result in such Managers acquiring shareholdings in the Company.





23.

## SELLING AND TRANSFER RESTRICTIONS

### General

The distribution of the Prospectus and the sale of the Offer Shares may be restricted by law in certain jurisdictions. No action has been or will be taken by the Company, the Selling Shareholder or the Managers to permit a public offering of the Offer Shares anywhere other than in Romania or the transmission or distribution of the Prospectus into any other jurisdiction where action for that purpose may be required. This Prospectus has been approved by the FSA.

### United States

The Offer Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, except in transactions that are exempt from registration under the Securities Act. Accordingly, the Offer Shares are being offered (i) in the United States only to persons reasonably believed to be QIBs in reliance on Rule 144A or pursuant to another exemption from the registration requirements of the US Securities Act; or (ii) outside the United States in offshore transactions in reliance on Regulation S. The Managers may arrange for the offer and sale of the Shares in the United States through United States registered broker-dealers, which may be their affiliates.

In addition, until 40 days after the commencement of the Offering, an offer or sale of Offer Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made other than in accordance with Rule 144A or another exemption from registration under the Securities Act.

#### *Selling and Transfer Restrictions for Purchasers of Offer Shares outside the United States*

Each purchaser of the Offer Shares outside the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the Securities Act or with any securities' regulatory authority of any state of the United States;
- At the time the Offer Shares are purchased the purchaser will be the beneficial owner of those Offer Shares;
- The person, if any, for whose account it is acquiring the Offer Shares, is located outside the United States (within the meaning of Regulation S) and is purchasing the Offer Shares in an offshore transaction meeting the requirements of Regulation S; and
- The purchaser acknowledges that the Company, the Selling Shareholder, the Managers and the Company's respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

#### *Selling and Transfer Restrictions for Purchasers of Offer Shares within the United States*

Each purchaser of the Offer Shares within the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged as follows:

- The purchaser acknowledges that the Offer Shares have not been and will not be registered under the Securities Act or with any securities' regulatory authority of any state of the United States;
- The purchaser is: (i) a QIB; (ii) aware, and each beneficial owner of such Offer Shares has been advised, that the sale of Offer Shares is being made in reliance on Rule 144A or another exemption from registration under the Securities Act; and (iii) acquiring such Offer Shares for its own account or for the account of a QIB;
- The purchaser agrees (or if it is acting for the account of another person, such person, has confirmed to it that such person agrees) that it (or such person) will not offer, resell, pledge or otherwise transfer those Offer Shares except: (a) to a person whom it and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or for the account of a QIB in a





transaction meeting the requirements of Rule 144A; (b) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S; (c) in accordance with Rule 144 under the Securities Act (if available); or (d) pursuant to an effective registration statement under the Securities Act, and in each case in accordance with any applicable securities laws of any state of the United States. The purchaser will, and each subsequent holder is required to, notify any subsequent purchaser from it of those Offer Shares of the foregoing resale restrictions. No representation can be made as to the availability of the exemption provided by Rule 144A for resale of the Offer Shares;

- The purchaser understands that the Offer Shares (to the extent they are in certificated form), unless otherwise determined by the Company in accordance with applicable law, will bear a legend substantially to the effect set out in the preceding paragraph;
- If the purchaser is acquiring Offer Shares for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account;
- The purchaser understands that for so long as the Offer Shares are "restricted securities" within the meaning of the US federal securities laws, no such shares may be deposited into any unrestricted depository receipt facility established or maintained by a depository bank;
- The purchaser understands that the Offer Shares will not settle or trade through the facilities of the Depository Trust & Clearing Corporation or any other US clearing system;
- The purchaser acknowledges that the Company, the Selling Shareholder, the Managers and the Company's respective affiliates will rely upon the truth and accuracy of the acknowledgements, representations and agreements in the foregoing paragraphs.

#### **European Economic Area**

No offer of the Offer Shares to the public is being made in any Member State other than Romania. However, the Managers may decide to promote the Offering in another Member State under certain exemptions from the obligation to prepare a prospectus under the Prospectus Regulation, provided that any such offering of the Offer Shares will not result in a requirement to publish the Prospectus by the Company, the Selling Shareholder or the Managers under Article 3 of the Prospectus Regulation.

In relation to each Member State of the European Economic Area (other than Romania) (each, a "**Relevant State**"), there will be no offer of the Offer Shares to the public in that Relevant State other than:

- to a legal entity that is a "qualified investor" as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons other than to qualified investors as defined in Article 2(e) of the Prospectus Regulation; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Offer Shares shall require the Company, the Managers or the Selling Shareholder to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or a supplement to the prospectus pursuant to Article 23 of the Prospectus Regulation within the territory of the Relevant State and each person who initially acquire Offer Shares or to whom any offer is made will be deemed to have represented, warranted and agree to and with the Managers, the Selling Shareholder and the Company that it is a "qualified investor" within the meaning of the Prospectus Regulation.

For the purposes of the Prospectus, the expression an "offer of the Offer Shares to the public" in relation to any Offer Shares in any Relevant State means a communication to persons in any form and by any means, presenting sufficient information on the terms of the Offering and the Offer Shares to be offered, so as to enable an investor to decide to purchase or subscribe for the Offer Shares.

Each purchaser of Offer Shares in the Offering located within a Member State of the EEA (other than in Romania) will be deemed to have represented, acknowledged and agreed that it is an Institutional Investor. The Company, the Selling Shareholder, the Managers and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgment and agreement.



Notwithstanding the above, a person who is not a qualified investor and who has notified the Managers of such fact in writing may, with the consent of the Managers, be permitted to purchase Offer Shares in the Offering.

#### **Moldova**

The offering of the Offer Shares pursuant to the Offer is not deemed to be made on the capital market of Moldova (whether on a regulated market or a multilateral trading facility, as such terms are defined under Article 6 of Law No. 171 dated 11 July 2012 on the capital market or by any other means) or otherwise in Moldova, is not directed at any person on the territory of Moldova and should not be relied on by any such person. The Company is not a "joint stock company" within the meaning of Law No. 1134 dated 2 April 1997 on joint stock companies or an "issuer" within the meaning of Law No. 171 dated 11 July 2012 on the capital market. The Offer Shares are not issued under Moldovan law and are not and will not be registered with the Moldovan National Commission for Financial Markets or any entity in Moldova and will not be offered for circulation, placement, sale, purchase or other transfer in the territory of Moldova.

#### **United Kingdom**

This Prospectus and any other material in relation to the Offer Shares described herein is only being distributed in the United Kingdom to, and is only directed at, persons that are qualified investors ("**qualified investors**") within the meaning of Article 2(e) of the UK Prospectus Regulation that also: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**"); or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise lawfully be communicated (all such persons together being referred to as the "**relevant persons**"). The Offer Shares are only available in the United Kingdom to relevant persons, and any invitation, offer or agreement to purchase or otherwise acquire the Offer Shares will be engaged in only with, the relevant persons. This Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other person in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this Prospectus or any of its contents.



## 24. SETTLEMENT AND TRANSFER

### Clearing and Settlement of Shares

Transfers of Offer Shares within the Offering and secondary market sales of Offer Shares will be settled and cleared through the settlement system managed by the Central Depository, in accordance with applicable Romanian regulations. The allotted Offer Shares will be delivered to investors on the date of registration of the Offer Shares in the shareholders' register to be kept by the Central Depository, following registration of the Shares with by the FSA and the Central Depository.

#### *Romanian Central Depository*

The Central Depository, a Romanian joint stock company having its principal executive office in Romania, Bucharest, 2nd District, 34-36 Carol I Boulevard, floors 3, 8 and 9, is authorised and supervised by the FSA, and provides depositary, registrar, clearing and settlement services in connection with transactions involving financial instruments. The Central Depository is the administrator of RoClear (the Romanian Clearing-Settlement, Custody, Depositary and Registry System), the payment system assuring funds clearing and the settlement of transactions with financial instruments.

All classes of securities traded on a Romanian regulated market or multilateral trading facility, including the Offer Shares, are mandatorily registered in the Central Depository's system for the purpose of performing securities operations in a centralised manner and maintaining records of such operations. All securities accepted in the Central Depository's system are dematerialised and evidenced by book-entry.

#### *Clearance and Settlement Procedures*

Transactions with Shares are settled on a delivery versus payment basis, the Shares being delivered only if the purchase price is paid. The ownership transfer is usually registered on a T+2 basis by debiting/crediting the relevant Share accounts.

As an exception from the principle according to which the Shares may be transferred only through a transaction on the Bucharest Stock Exchange, there are certain cases when the Central Depository may operate direct ownership transfers of the Shares as a consequence, among others, of: (i) succession; (ii) split up of property; (iii) assignment by the company of its own Shares to its employees; (iv) when the company obtains its own Shares following the withdrawal of shareholders who do not agree with the decisions of the company's general shareholders meeting, according to legal provisions in force; (v) merger, split or liquidation; (vi) enforcement of a final court decision; (vii) transfer between a parent-company and its subsidiaries or among subsidiaries of the same parent-company, with the FSA's prior consent; (viii) other transfers of rights according to special laws or applicable regulations, with the express approval of the FSA or other relevant body. Direct ownership transfers over the Shares will be operated by the Central Depository within three days from the submission of the application and the supporting documentation.

Although the foregoing sets out the procedures of the Central Depository facilitating transfers of Shares (including the Offer Shares), the Central Depository is not under any obligation to perform or continue to perform such procedures (as provided above) in the future, and, therefore, such procedures may be discontinued at any time.

None of the Selling Shareholder, the Company, the Managers or their respective agents will have any responsibility for the performance by the Central Depository or its respective participants of their respective obligations under the rules and procedures governing their operations at the date of this Prospectus.

#### *Initial settlement*

For a description of the settlement procedures applicable to the transfers of the Offer Shares, see "Subscription And Sale".

#### *Secondary market trading*

For a description of the transfer restrictions relating to the Shares, see "IMPORTANT INFORMATION ABOUT THIS PROSPECTUS".





#### *Registration and form*

In view of their admission to trading on the Regulated Market of the Bucharest Stock Exchange, all Shares have been issued as nominative dematerialised titles in book entry form and will be registered with the FSA and with the Romanian Central Depository. The Romanian Central Depository will maintain the record of the aggregate holdings of Shares.

The Company will not impose any fees in respect of holdings of the Shares; however, holders of Shares may incur fees normally payable in respect of the maintenance and operation of accounts in the system of the Romanian Central Depository.

#### *Listing on the Regulated Market of the Bucharest Stock Exchange*

The admission to trading and the listing of the Offer Shares on the Bucharest Stock Exchange requires, *inter alia*: (i) registration of the Shares with the FSA, (ii) the signing of an agreement between the Company and the Romanian Central Depository related to the registration of the Shares in the system operated by the Romanian Central Depository; and (ii) the approval of the Bucharest Stock Exchange board (in Romanian, "Consiliul Bursei"), based on the opinion issued in this respect by the Bucharest Stock Exchange Commission for the Admission.



## 25. RECOGNITION AND ENFORCEMENT OF JUDGMENTS IN CIVIL AND COMMERCIAL MATTERS



The Company is incorporated under the laws of Cyprus. Certain persons referred to herein are residents of Romania and Moldova and certain entities referred to herein are organised under the laws of Romania and Moldova. All or a substantial portion of the assets of such persons and entities are located in Romania and Moldova. As a result, it may not be possible for investors to:

- effect service of process within other countries upon the Company or any of the Company's directors and senior managers named in this Prospectus; or
- enforce, in other countries, court judgments obtained in courts of such other countries against the Company or any of its directors and senior managers named in this Prospectus in any action, or obtain the recognition of such judgments.

Romania and the Cyprus are each a member state of the European Union (a "**Member State**"). Regulation (EU) 1215/2012 of the European Parliament and of the Council on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (recast) (the "**Recast Brussels Regulation**") provides for mutual recognition and enforcement of judgements of any Member State in all other Members States.

Whilst Denmark is not a Member State, the Danish Ministry of Justice has confirmed that the Recast Brussels Regulation was implemented by Denmark by Danish Law No. 518 of 18 May 2013 (containing amendments to the act on the 2001 Brussels Regulation), which entered into force on 1 June 2013). Further foreign judgments originating from Switzerland, Norway and Iceland may be recognised and enforced in the Republic Cyprus pursuant to the framework provided under the Lugano Convention on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters of 30 October 2007.

Foreign judgments not originating from an EU member state court may be recognised and enforced in Cyprus pursuant to the framework provided under the Foreign Courts (Recognition, Registration and Enforcement) Law of 2000 (Law 121(I)/2000) which provides the legal framework for the recognition and enforcement of any foreign judgments issued by any court or tribunal of a foreign country with whom Cyprus has entered into a bilateral agreement for the mutual recognition and enforcement of judgments which include, Belarus, China, Egypt, Georgia, Russia, Serbia, Syria and Ukraine.

A judgment rendered by a court of the United Kingdom will be recognised and enforced by the courts of Cyprus pursuant to the Foreign Judgments (Reciprocal Enforcement) Law of 1935, Cap. 10, as in force, without re-examination of the merits of the case, subject to compliance with the timeframes and conditions imposed by the said law.

There is uncertainty as to the enforceability in Cyprus of civil liabilities based on the securities laws of the United States, either in an original action or in an action to enforce a judgment obtained in U.S. courts. The United States and Cyprus currently do not have a treaty providing for the reciprocal recognition and enforcement of judgments, with the exception of arbitral awards, in civil or commercial matters. Consequently, a final judgment for payment issued by a court in the United States, whether or not predicated solely upon U.S. securities laws, would not automatically be recognised or enforceable in Cyprus.

In the absence of a special regime providing for the recognition and enforcement in Cyprus of a foreign judgement from a particular jurisdiction (such as Moldova or any other third country, unless referred to above), it may be possible to bring an action at common law or raise a counterclaim on the foreign judgment. In common law a foreign judgment is recognised when the Cypriot court concludes that a particular claim has already been conclusively adjudicated and determined by the foreign court (*res judicata*) which has jurisdiction to give judgment. The merits of the foreign judgment are generally not reviewable and the judgment must be final and conclusive and for a fixed sum of money or debt (said sum not to be related to tax claims or similar charges or in respect of a fine or penalty). 'Final' has been interpreted to mean that the judgment cannot be reopened in the court of origin, even though an appeal may be pending against it, and 'conclusive' has been interpreted to mean that the judgment represents the court's settled conclusion on the merits of the case. Alternatively, instead of filing an action on the recognition of the foreign judgment, the judgment creditor can file an action relying on the facts which created the cause of action in relation to which the foreign judgment was given. The judgment creditor also has the option of including in the same



action both a request for recognition of the foreign court judgment under common law and a request for judgment based on the facts which created the cause of action.

A court of Cyprus may refuse to recognise and enforce a foreign judgment in instances where the foreign judgment: (a) is contrary to the public policy of Cyprus which as defined by the Supreme Court of Cyprus includes "the fundamental values which a society recognises, at a given time period, as those values which govern the transactions and other aspects of the life of its members which permeate the established legal order;" (b) was obtained by fraud. The particulars which support the fraud allegation must be put forward by the judgment debtor and, if the allegation is credible, the matter will be considered by the Cypriot court. For the debtor to succeed they must produce solid evidence that the plaintiff somehow defrauded the foreign court; (c) The proceedings in which the judgment was given were conducted in a manner which was contrary to natural justice or there was a failure to observe due process; (d) It is still possible to reopen the judgment in the court of origin. That is to say the judgment is not final and conclusive. The judgment is final and conclusive on the merits and for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a law that a Cypriot court considers to be a penal, revenue or other public law); (e) the foreign court lacked jurisdiction to hear the case; (f) The judgment is inconsistent with a prior judgment given in Cyprus on the same issue between the same parties on the basis that this will be against the principle of res judicata and therefore contrary to the public policy of Cyprus; (g) the Cypriot proceedings have not commenced within the applicable limitation period.

Certain agreements and instruments may be subject to stamp duty under the Cypriot Stamp Duty Law (No. 19 of 1963 as amended). Stamp duty is payable on any document which relates to any asset situated in Cyprus or to matters or things that will be executed or carried out in Cyprus irrespective of where they were made or finally signed. In case more than one document is used in connection with one and the same transaction, whether executed at the same time or not, full stamp duty is payable in respect of the main document only with the secondary or ancillary documents attracting nominal stamp duty only. The stamp duty must be paid within the time prescribed by the Stamp Duty Law (No. 19 of 1963 as amended). The failure to pay stamp duty will not affect the validity, legality or binding effect of the document but may render the document inadmissible as evidence before the Cypriot courts or arbitral tribunal in Cyprus unless and until the stamp duty (and any penalty, if applicable) has been paid; provided that agreements and instruments which are made outside of Cyprus and are subject to stamp duty are not considered as having force in Cyprus until they are duly stamped, so enforcement of such agreements and instruments may be impaired if they are not duly stamped. Late payment can result in the imposition of a penalty. The non-payment of stamp duty will not render any stampable document illegal.



## 26. LEGAL MATTERS

Certain legal matters in connection with the Offering will be passed upon for the Company and the Selling Shareholder with respect to Romanian law by Clifford Chance Badea SPRL, with respect to US law by Clifford Chance Partnerschaft MBB, with respect to English law by Clifford Chance LLP, to Moldovan Law by ACI Partners Law Office and with respect to Cypriot Law by Elias Neocleous & Co LLC.

Certain legal matters in connection with the Offering will be passed upon for the Managers with respect to Romanian law by Dentons Europe - Zizzi-Caradja si Asociatii SPARL, with respect to English and US law by Dentons UK and Middle East LLP, with respect to Moldovan Law by Turcan Cazac and with respect to Cypriot law by Chrysses Demetriades & Co LLC.





## **27. INDEPENDENT AUDITORS**

The Audited Special Purpose Consolidated Financial Statements of the Company and its subsidiaries as of 31 December 2023, 31 December 2022 and 31 December 2021, and for the years then ended, included in the Prospectus, have been audited by Ernst & Young Cyprus Limited, independent auditors, as stated in their report appearing herein. Ernst & Young Cyprus Limited, with registered office at Stasinou Avenue 6, Jean Nouvel Tower, 1060, Nicosia, Cyprus, and Company registration number HE222520, a member of the Institute of Certified Public Accountants in Cyprus (ICPAC) with number E146, and audit practicing certificate number E146/A/2013, is the Issuer's statutory auditor.



## 28. GENERAL INFORMATION



### 1. Listing and Trading

It is expected that the Shares will be admitted to trading on the Regulated Market of the Bucharest Stock Exchange on or around 27 May 2024. The security identification numbers and trading symbols of the Offer Shares are expected to be as follows: Shares ISIN: CY0200900914; Bucharest Stock Exchange trading symbol for the Shares: PE.

### 2. Authorisations

Except for the Board of Directors resolution approving the Final Offer Price, issue and allotment of the New Shares, the Company has obtained all consents, approvals and authorisations in Romania in connection with the listing of the Shares on the Regulated Market of the Bucharest Stock Exchange. In particular, the Capital Increase by authorisation of New Shares, the Offering and the listing of Shares on the Regulated Market of the Bucharest Stock Exchange have been approved by the resolutions dated 9 April 2024 and 10 April 2024 respectively, of the general meeting of shareholders of the Company. The Board of Directors will authorize the Final Offer Price, issue and allotment of the new shares on or prior to the date on which the Final Offer Price is announced.

### 3. Documents Available for Inspection

Copies of the following documents will be available for inspection free of charge on the Company's website [www.premiereenergygroup.eu](http://www.premiereenergygroup.eu) and, during normal business hours on any weekday, at the registered offices of the Company, from the date of publication of this Prospectus to Admission:

- this Prospectus;
- the Company's Articles of Association;
- the Audited Special Purpose Consolidated Financial Statements, including the independent auditor's report thereon.

The registered office of the Company is located at 48 Themistokli Dervi Avenue Athienitis Centennial Building, 3<sup>rd</sup> floor, office 303, 1066 Nicosia, Cyprus.

### 4. Final Offer Price

The Shares are each issued with a par value of EUR 0.001. The Existing Shares are fully paid and the New Shares will be fully paid upon settlement, see "*Settlement And Transfer*".

The Final Offer Price will be determined in accordance with "*Subscription And Sale*" – "*Price*" – "*Offer Price*". The results of the Offering will be communicated to the FSA and the Bucharest Stock Exchange, within five (5) business days as of the closing of the Offering. The results of the Offering will be published in Romanian and/ or English, as the case may be, on the Company's website [www.premiereenergygroup.eu](http://www.premiereenergygroup.eu) and on the Bucharest Stock Exchange website [www.bvb.ro](http://www.bvb.ro), after the confirmation of the receipt of the notification regarding the Offering results by the FSA.

### 6. Subsidiaries

As of the date of this Prospectus, the Company has the following direct and indirect subsidiaries:

| Name                          | Country | Effective ownership interest (%) |
|-------------------------------|---------|----------------------------------|
| Ligatne Limited               | Cyprus  | 100                              |
| Joseco Holdings Co. Limited   | Cyprus  | 92.74                            |
| Alive Renewable Holding Ltd.  | Cyprus  | 51                               |
| Energia Mileniului III S.R.L. | Romania | 66.64                            |
| Enex Nalbant Renewable S.R.L. | Romania | 80.00                            |
| True Energy Management S.R.L. | Romania | 60.00                            |
| Alive Wind Power One S.R.L.   | Romania | 65.00                            |
| Alive Sun Power One S.R.L.    | Romania | 50.99                            |
| Alive Sun Power Two S.R.L.    | Romania | 50.99                            |



| Name                                      | Country | Effective ownership interest (%) |
|-------------------------------------------|---------|----------------------------------|
| Da Vinci New Project S.R.L.               | Romania | 50.99                            |
| Brasov Renewables S.R.L.                  | Romania | 20.40                            |
| Lignite Gas S.R.L.                        | Romania | 99.96                            |
| Ecoenergia S.R.L.                         | Romania | 80.00                            |
| Premier Energy S.R.L.                     | Romania | 99.96                            |
| B.E.R.G. Instalatii Gaz S.A.              | Romania | 99.96                            |
| Alive Capital S.A.                        | Romania | 50.99                            |
| Premier Energy Trading S.R.L.             | Romania | 99.96                            |
| Progaz P&D S.A.                           | Romania | 99.95                            |
| Premier Renewable Invest Co S.R.L.        | Romania | 100                              |
| CEZ Vanzare S.A.                          | Romania | 100                              |
| I.C.S. "Premier Energy" S.R.L.            | Moldova | 92.74                            |
| I.C.S. "Premier Energy Distribution" S.A. | Moldova | 92.74                            |
| "Navitas Energy" S.R.L.                   | Moldova | 92.74                            |
| Electra Logistics S.R.L.                  | Moldova | 92.74                            |
| Alive Capital Beograd d.o.o.              | Serbia  | 50.99                            |
| Premier Energy Hungary Kft                | Hungary | 100                              |
| Alive Capital Kft                         | Hungary | 50.99                            |

Source: The Company

7. **Information not applicable to the Prospectus in accordance with Annex I and Annex II of the Commission Delegated Regulation (EU) 2019/980 of 14 March 2019 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004**

The following sections of Annexes I and II of the Commission Delegated Regulation (EU) 2019/980, based on which this Prospectus has been drawn up, are not applicable to the Company and/or to the Shares:

- Annex I: 2.2, 13.2, 18.1.2, 18.1.4, 18.1.5, 18.2.1, 18.3.1a, 18.3.2;
- Annex II: 4.12, 5.1.10, 5.3.3, 5.3.4, 5.4.2, 6.2, 6.3, 6.4, 10.2



## 29. DEFINITIONS AND GLOSSARY OF SELECTED TERMS

|                                                                  |                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ABR</b>                                                       | Alpha Bank Romania                                                                                                                                                                                                                                                                                                                               |
| <b>ABR Facility</b>                                              | multi option credit line agreement no. 216/2/2019 concluded between the Premier Energy S.R.L. and Premier Energy Trading as borrowers, co-debtors and real guarantors and Ligatne Limited as guarantor with ABR                                                                                                                                  |
| <b>Acceptance</b>                                                | The acceptance to purchase or subscribe for the Offer Shares                                                                                                                                                                                                                                                                                     |
| <b>ADMS</b>                                                      | Advanced Distribution Management Systems                                                                                                                                                                                                                                                                                                         |
| <b>AIB</b>                                                       | Association of Issuing Bodies                                                                                                                                                                                                                                                                                                                    |
| <b>Alive Capital</b>                                             | Alive Capital S.A.                                                                                                                                                                                                                                                                                                                               |
| <b>Allocation Date</b>                                           | The date falling on or around 15 May 2024                                                                                                                                                                                                                                                                                                        |
| <b>Alternative Split</b>                                         | In the event that less than 100% of the maximum number of the Offer Shares are subscribed and there is still a Successful Closing of the Offering, the allocation between (i) New Shares and (ii) the sum of Existing Shares and Over-Allotment Shares shall be made in a manner which prioritizes the maximum possible allocation of New Shares |
| <b>ANRE</b>                                                      | the Romanian ANRE and/or the Moldovan ANRE                                                                                                                                                                                                                                                                                                       |
| <b>ANSPDCP</b>                                                   | National Authority for the Supervision of Personal Data Processing                                                                                                                                                                                                                                                                               |
| <b>APMs</b>                                                      | alternative performance measures, as defined in ESMA Guidelines on Alternative Performance Measures dated 5 October 2015 and further guidance published by ESMA through to the date of this Prospectus                                                                                                                                           |
| <b>Articles of Association</b>                                   | Articles of association of the Company as currently in force                                                                                                                                                                                                                                                                                     |
| <b>ASP1</b>                                                      | Alive Sun Power One S.R.L.                                                                                                                                                                                                                                                                                                                       |
| <b>ASP2</b>                                                      | Alive Sun Power Two S.R.L.                                                                                                                                                                                                                                                                                                                       |
| <b>Audited Special Purpose Consolidated Financial Statements</b> | The Group's Audited Special Purpose Consolidated Financial Statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021                                                                                                                                                                                                |
| <b>AWP1</b>                                                      | Alive Wind Power One S.R.L.                                                                                                                                                                                                                                                                                                                      |
| <b>Base Deal Scenario</b>                                        | the scenario in which the Offer shares are composed of the Base Shares and the Over-Allotment Shares                                                                                                                                                                                                                                             |
| <b>Base Shares</b>                                               | Existing Shares and together with the New Shares,                                                                                                                                                                                                                                                                                                |
| <b>Berg Instalatii</b>                                           | B.E.R.G. Instalatii Gaz S.R.L.                                                                                                                                                                                                                                                                                                                   |
| <b>Board of Directors</b>                                        | The Company's board of directors                                                                                                                                                                                                                                                                                                                 |
| <b>Book</b>                                                      | book maintained by the Joint Global Coordinators                                                                                                                                                                                                                                                                                                 |
| <b>Brasov</b>                                                    | Brasov Renewables S.R.L.                                                                                                                                                                                                                                                                                                                         |





|                                                             |                                                                                                                                                                                                                                                                   |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Bucharest Stock Exchange/ BSE</b>                        | Bucharest Stock Exchange                                                                                                                                                                                                                                          |
| <b>buyback</b>                                              | right of a company under the Cypriot Companies Law to purchase its own shares                                                                                                                                                                                     |
| <b>BSE Corporate Governance Code</b>                        | Bucharest Stock Exchange Corporate Governance Code                                                                                                                                                                                                                |
| <b>BTCP</b>                                                 | BT Capital Partners                                                                                                                                                                                                                                               |
| <b>BT Distribution Group</b>                                | Banca Transilvania units                                                                                                                                                                                                                                          |
| <b>BRM</b>                                                  | Romanian Commodities Exchange                                                                                                                                                                                                                                     |
| <b>Capital Increase</b>                                     | The capital increase by way of issuance of the New Shares, as a result of the Offering                                                                                                                                                                            |
| <b>CDR (EU) 2017/590</b>                                    | Commission Delegated Regulation (EU) 2017/590 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the reporting of transactions to competent authorities                    |
| <b>CEE</b>                                                  | A country from the Central and Eastern European market which includes Estonia, Latvia, Lithuania, Poland, Germany, Czech Republic, Slovakia, Hungary, Romania, Bulgaria, Slovenia, Croatia, Albania, Serbia, Bosnia-Herzegovina, Montenegro, Kosovo and Macedonia |
| <b>CfD</b>                                                  | Contracts for Difference                                                                                                                                                                                                                                          |
| <b>CGT</b>                                                  | Capital Gains Tax                                                                                                                                                                                                                                                 |
| <b>Code or FATCA</b>                                        | U.S. Internal Revenue Code of 1986, as amended                                                                                                                                                                                                                    |
| <b>Company</b>                                              | Premier Energy PLC                                                                                                                                                                                                                                                |
| <b>Competition Council</b>                                  | the Romanian Competition Council or the Moldovan Competition Council, as the case may be                                                                                                                                                                          |
| <b>Consumer Average Interruption Duration Index (CAIDI)</b> | an index which represents the average interruption time per consumer affected by the interruption per year                                                                                                                                                        |
| <b>Corporate Governance Action Plan</b>                     | the corporate governance action plan the Company intends to implement within 18 months of the Admission                                                                                                                                                           |
| <b>Council</b>                                              | Council for the Promotion of Investment Projects of National Importance                                                                                                                                                                                           |
| <b>CSR</b>                                                  | corporate social responsibility                                                                                                                                                                                                                                   |
| <b>CSRD</b>                                                 | the Corporate Sustainability Reporting Directive                                                                                                                                                                                                                  |
| <b>Cypriot Companies Law</b>                                | Companies Law, Cap. 113 of the Cyprus (as amended)                                                                                                                                                                                                                |
| <b>Cypriot Law</b>                                          | Laws of Cyprus                                                                                                                                                                                                                                                    |
| <b>Cyprus</b>                                               | The Republic of Cyprus                                                                                                                                                                                                                                            |
| <b>Cyprus Takeover Law</b>                                  | Cyprus Takeover Bids Law No. 41(I)/2007 as amended                                                                                                                                                                                                                |
| <b>CySEC</b>                                                | Cyprus Securities and Exchange Commission                                                                                                                                                                                                                         |





|                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Da Vinci</b>                                                  | Da Vinci New Project S.R.L.                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Directors</b>                                                 | Members of the Board of Directors.                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Directive on Markets in Financial Instruments or MiFID II</b> | EU Directive 2014/65/EU on markets in financial instruments.                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Discounted Final Offer Price</b>                              | a discount of 5% of the Final Offer Price                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>DPC</b>                                                       | Data processing centre                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>DTT</b>                                                       | Double Tax Treaty                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>E&amp;S</b>                                                   | Environmental and social                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>EEA</b>                                                       | European Economic Area.                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>EBRD</b>                                                      | European Bank for Reconstruction and Development                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>EBRD Loan</b>                                                 | loan agreement dated 15 November 2022 entered into between EBRD and Premier Energy S.R.L.                                                                                                                                                                                                                                                                                                                                                |
| <b>EBRD Loan Agreement</b>                                       | loan agreement dated 2 March 2023 entered into between EBRD and I.C.S. Premier Energy Distribution S.A.                                                                                                                                                                                                                                                                                                                                  |
| <b>EC</b>                                                        | European Commission.                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Ecoenergia</b>                                                | Ecoenergia S.R.L.                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>EIB</b>                                                       | European Investment Bank                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>EIB Finance Contract</b>                                      | Finance contract dated 3 March 2023 entered into between EIB and I.C.S. Premier Energy Distribution S.A.                                                                                                                                                                                                                                                                                                                                 |
| <b>Electra</b>                                                   | Electra Logistics S.R.L.                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Electricity and Gas Law</b>                                   | Law No. 123/2012                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Electricity Distribution License</b>                          | the distribution license no. AC 001428 dated 14 January 2008 granted by the Moldovan ANRE to Premier Energy Distribution                                                                                                                                                                                                                                                                                                                 |
| <b>Electricity Law</b>                                           | Moldovan Law on electricity no. 107 dated 27 May 2016                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>Electronic Means</b>                                          | means of electronic equipment used for the processing (including digital compression), storage and transmission of data by wire, by radio, by optical technological means or by other electromagnetic means                                                                                                                                                                                                                              |
| <b>Electricity Supply License</b>                                | the supply license no. AC 001427 dated 16 January 2018 granted by the Moldovan ANRE to I.C.S. Premier Energy S.R.L.                                                                                                                                                                                                                                                                                                                      |
| <b>Eligible Participants</b>                                     | any intermediaries (other than the Joint Bookrunners), which are investment firms or credit institutions qualified as participants to the trading system of the Bucharest Stock Exchange, and which (i) have signed the Engagement Letter to observe the provisions of this Prospectus and the applicable law, in the form made available by the BTCP and (ii) have submitted the Engagement Letter to BTCP in the form agreed therewith |
| <b>EMAS</b>                                                      | Regulation (EC) No. 1.221/2009 of the European Parliament and Council of 25 November 2009 on voluntary participation of                                                                                                                                                                                                                                                                                                                  |



**EMMA Capital**

**Emma Holding**

**Energia Mileniului III**

**Energy Law**

**Enex**

**Engagement Letter**

**ENTSO-E**

**Environmental Law**

**ePrivacy Law**

**ESMA**

**EU**

**EUR**

**Exchange Act**

**Executive Directors**

**Existing Shares**

**Final Offer Price**

**First Day of Trading**

**Fiscal Code**

**foreign passthrough payments**

**Framework Agreement**

**FSA**

**FTI Report**

**GAAP**

organisations in Environmental Management and Audit Scheme.

EMMA Capital group

Emma Alpha Holding Ltd

Energia Mileniului III S.R.L.

Romanian Electric Energy & Natural Gas Law no. 123/2012 and Moldovan Energy Law no. 174 dated 21 September 2017

Enex Nalbant Renewable S.R.L.

an irrevocable and unconditional undertaking

European Network of Transmission System Operators for Electricity

Romanian Emergency Government Ordinance No. 195/2005 regarding environmental protection and Moldovan Law on environment protection no. 1515 dated 16 June 1993

Law No. 190 dated 18 July 2018 on measures for the implementation of the GDPR and Law No. 506 of 17 November 2004 on the processing of personal data and the protection of privacy in the electronic communications sector, as subsequently amended

European Securities and Markets Authority

European Union.

Currency of the European Union.

U.S. Securities Exchange Act of 1934, as amended.

Executive members of the Board of Directors.

existing ordinary shares issued by the Company subject to the Offering

The final offer prices at which the Offer Shares shall be sold to investors, subject to the successful closing of the Offering.

The day on which trading of the Shares on the BSE will commence

Law no. 227/2015 regarding the Fiscal Code in force starting 1 January 2016, as amended and supplemented

certain payments in relation to which a foreign financial institution may be required to withhold in accordance with FATCA

a framework agreement entered into by the Company and EBRD

Romanian Financial Supervisory Authority.

FTI Consulting Market Report dated 18 April 2024

local generally accepted accounting principles



|                                        |                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Gas Distribution Areas</b>          | the PE Gas Distribution Areas and the Progaz Gas Distribution Areas together.                                                                                                                                                                                                                                                                                            |
| <b>Gas Distribution License</b>        | the PE Gas Distribution License and the Progaz Gas Distribution License together.                                                                                                                                                                                                                                                                                        |
| <b>GC or Green Certificates</b>        | Green Certificates                                                                                                                                                                                                                                                                                                                                                       |
| <b>GD 318/2024</b>                     | Government Decision no. 318/2024                                                                                                                                                                                                                                                                                                                                         |
| <b>GDP</b>                             | Gross Domestic Product.                                                                                                                                                                                                                                                                                                                                                  |
| <b>GDPR</b>                            | Regulation (EU) 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data                                                                                                                                                                         |
| <b>general meeting of shareholders</b> | A general meeting of the Company held in accordance with the provisions of the Cypriot Companies Law and the Articles of Association                                                                                                                                                                                                                                     |
| <b>GEO 112/2022</b>                    | Government Emergency Ordinance No. 112/2022 regarding the measures to stimulate investments from non-reimbursable external funds in the field of energy efficiency and renewable sources for large, small and medium enterprises, green energy from renewable sources for public authorities as well as some measures from the field of intelligent specialisation       |
| <b>GEO 118/2021</b>                    | Government Emergency Ordinance 118/2021 on establishing a compensation scheme for the electricity consumption and natural gas for 2021-2022 cold season, as well as for amending the Government Ordinance no. 27/1996 on granting facilities to individuals residing or working in certain localities in Apuseni mountains and in the Danube Delta Biosphere Reservation |
| <b>GEO 119/2022</b>                    | GEO 119/2022 for the amendment of GEO 27/2022                                                                                                                                                                                                                                                                                                                            |
| <b>GEO 192/2022</b>                    | Government Emergency Ordinance 192/2022 for the amendment of GEO 27/2022                                                                                                                                                                                                                                                                                                 |
| <b>GEO 27/2022</b>                     | Government Emergency Ordinance 27/2022 regarding the applicable measures to final consumers of electricity and natural gas during 1 April 2022-31 March 2023                                                                                                                                                                                                             |
| <b>GEO 32/2024</b>                     | Government Emergency Ordinance 32/2024 for the amendment of GEO 27/2022                                                                                                                                                                                                                                                                                                  |
| <b>GHS</b>                             | General Healthcare System                                                                                                                                                                                                                                                                                                                                                |
| <b>GO</b>                              | guarantee of origin                                                                                                                                                                                                                                                                                                                                                      |
| <b>GRI</b>                             | Global Reporting Initiative                                                                                                                                                                                                                                                                                                                                              |
| <b>Greenshoe Option</b>                | the option granted to the Managers to acquire a number of Shares equal to the number of the Over-Allotment Shares at the Offer Price less agreed commissions                                                                                                                                                                                                             |
| <b>Group</b>                           | The Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                         |
| <b>HFC</b>                             | health fund contribution                                                                                                                                                                                                                                                                                                                                                 |
| <b>IAS</b>                             | International Accounting Standards                                                                                                                                                                                                                                                                                                                                       |





|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>IFRS</b>                               | International Financial Reporting Standards                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>IGAs</b>                               | intergovernmental agreements with the United States to implement FATCA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Information Society Services Law</b>   | Law on information society services No. 284 dated 22 July 2004                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Institutional Investors</b>            | (a) a "qualified investor", as defined in Article 2 (e) of the Prospectus Regulation), or (b) an "eligible counterparty" within the meaning of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (recast), or (c) a "qualified investor" as defined in Article 2(e) of the Prospectus Regulation, as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018), as amended, or (d) a QIB as defined in Rule 144A, or (e) an equivalent institution whose subscription in the Offering would not constitute a violation of applicable law or regulation and which is not located in any jurisdiction where the extension or availability of the Offering (and any other transaction contemplated thereby) would breach any applicable law or regulation |
| <b>Institutional Tranche</b>              | An Offering Tranche consisting of an initial number of 28,750,287 Offer Shares, representing 80% of the Offer Shares, addressed to Institutional Investors                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>IR</b>                                 | Investor relations                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>IRS</b>                                | U.S. Internal Revenue Service                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>ISIN</b>                               | International Security Identification Number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Issuers and Markets Operations Law</b> | Law no. 24/2017 on issuers of financial instruments and market operations, as republished and as subsequently amended and supplemented                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Joseco Holdings</b>                    | Joseco Holdings Co. Limited (Cyprus)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>J&amp;T and Postova Facility</b>       | facility agreement originally dated 16 June 2021 entered into between the Company, J&T Banka, a.s. and Postova banka, a.s., as subsequently amended and restated                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>KPIs</b>                               | key performance indicators                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Law 206/2023</b>                       | Law 206/2023 for the approval of OUG 153/2022 for the amendment of GEO 27/2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Law 220/2008</b>                       | Law No. 220/2008 on the promotion of electricity through renewable sources                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Law 357/2022</b>                       | Law 357/2022 for the approval of GEO 119/2022                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| <b>LEI</b>                                | Legal entity identifier                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Ligatne Gas</b>                        | Ligatne Gas S.R.L.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Limit of the Preferred Allocation</b>  | Limit of the Preferred Allocation, representing 2.40% of the Offer Shares                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>LNG</b>                                | Liquid natural gas                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |



|                                                                |                                                                                                                                                                                                                                                                                         |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Lock-up Deed</b>                                            | The lock-up deed dated on or around the date of the Prospectus entered into by Emma, Mr. Stohr and Mr. Garza and the Managers                                                                                                                                                           |
| <b>Managers</b>                                                | Citi, UniCredit, Wood, Alpha Bank and BT Capital Partners                                                                                                                                                                                                                               |
| <b>Market Abuse Regulation</b>                                 | Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (market abuse regulation) and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC |
| <b>Member State</b>                                            | member state of the European Union                                                                                                                                                                                                                                                      |
| <b>MiFID II Product Governance Requirements</b>                | the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures       |
| <b>Moldovan ANRE</b>                                           | Moldovan National Energy Regulatory Agency                                                                                                                                                                                                                                              |
| <b>Moldovan CNPDCP</b>                                         | Moldovan National Centre for Personal Data Protection                                                                                                                                                                                                                                   |
| <b>Moldovan CNPF</b>                                           | Moldovan National Commission of Financial Market                                                                                                                                                                                                                                        |
| <b>Moldovan Leu or MDL</b>                                     | the lawful currency of Moldova                                                                                                                                                                                                                                                          |
| <b>MoU</b>                                                     | memoranda of understanding                                                                                                                                                                                                                                                              |
| <b>Mr. Garza</b>                                               | Mr. José Martin Garza, the Company's chief executive officer                                                                                                                                                                                                                            |
| <b>Mr. Stohr</b>                                               | Mr. Petr Stohr, the Company's chief financial officer                                                                                                                                                                                                                                   |
| <b>Navitas</b>                                                 | Navitas Energy S.R.L.                                                                                                                                                                                                                                                                   |
| <b>Navitas MAIB Loan Agreement</b>                             | loan agreement dated 9 February 2023 entered into BC "MAIB" SA and Navitas Energy S.R.L.                                                                                                                                                                                                |
| <b>NECP</b>                                                    | the draft National Energy and Climate Plan                                                                                                                                                                                                                                              |
| <b>NBM</b>                                                     | National Bank of Moldova.                                                                                                                                                                                                                                                               |
| <b>NBR</b>                                                     | National Bank of Romania.                                                                                                                                                                                                                                                               |
| <b>New Shares</b>                                              | Newly issued ordinary shares by the Company subject to the Offering                                                                                                                                                                                                                     |
| <b>NIS Directive</b>                                           | Directive No. 2016/1148/EU of the European Parliament and of the Council of 6 July 2016 concerning measures for a high common level of security of network and information systems across the Union                                                                                     |
| <b>NIS 2</b>                                                   | Directive (EU) 2022/2555                                                                                                                                                                                                                                                                |
| <b>Non-Executive Directors</b>                                 | Non-executive members of the Board of Directors                                                                                                                                                                                                                                         |
| <b>Non-Regulated Tarrif Electricity Supply License Electra</b> | the supply license MMI no. 000122 issued by the Moldovan ANRE on 4 August 2023                                                                                                                                                                                                          |
| <b>Non-Regulated Tarrif Electricity Supply License Navitas</b> | the supply license AC 001504 issued by the Moldovan ANRE on 23 December 2020                                                                                                                                                                                                            |





**Offer Period**

The period from 8 May 2024 (inclusive) to 15 May 2024 (inclusive)

**Offer Price Range**

a price between RON 19.00 and RON 21.50 per Offer Share

**Offer Shares**

The shares in the Offering, comprising the New Shares and the Existing Shares

**Offering**

The Offering to which this Prospectus relates to

**Offering Tranches**

the Retail Tranche and the Institutional Tranche

**offeror company**

a company that makes a take-over bid for all the shares or for the whole of any class of shares of a Cypriot company

**OPCOM**

Romanian electricity and natural gas market operator

**OpEX**

expected return on capital expenditure or recovery of operational expenses

**Order**

Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended

**OSIM**

Romanian State Office for Inventions and Trademarks

**Over-Allotment Option**

The option to allocate to investors Over-allotment Shares at the Final Offer Price

**Over-Allotment Shares**

existing ordinary shares in the share capital of the Company up to a maximum of 15% of the total number of Base Shares

**Payment Evidence**

each document presented as such in *Subscription and Sale - Payment evidence*

**PE Gas Distribution Areas**

the area comprising of 210 communities in Romania in which Premier Energy S.R.L. performs gas distribution activities under the PE Gas Distribution License

**PE Gas Distribution License**

distribution license no. 1872 dated 18 October 2013 granted by the Romanian ANRE to Premier Energy S.R.L.

**PE Gas Supply License**

supply license no. 1873 dated 18 October 2013 granted by the Romanian ANRE to Premier Energy S.R.L.

**PE Trading Gas Supply License**

supply license no. 1971 dated 9 December 2020 granted by the Romanian ANRE to Premier Energy Trading S.R.L.

**PED MAIB Loan Agreement**

loan agreement dated 19 May 2022 entered into between BC "MAIB" SA and I.C.S. Premier Energy Distribution S.A.

**PETs**

direct customers of natural gas producers

**Personal Data Law**

Law on personal data protection no. 133 dated 8 July 2011

**PFIC**

passive foreign investment company for U.S. federal income tax purposes

**PPAs**

Power Purchase Agreements

**PNIESC**

National Plan in the Field of Energy and Climate Change

**Post-Offering Equity per share**

the adjusted net asset value expressed as a per share figure, assuming 125,001,250 Shares in a Base Deal Scenario and





|                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | 130,001,300 Shares in a Upsize Scenario Shares outstanding upon completion of the Offering                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Preferred Allocation</b>                           | allocation to Mr. Garza and Mr. Stohr of the Reserved Shares within the Retail Tranche                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Premier Energy Distribution</b>                    | I.C.S. Premier Energy Distribution S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Premier Energy Moldova</b>                         | the companies through which the Group is currently present in Moldova                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Premier Energy Romania</b>                         | the companies through which the Group is currently present in Romania                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Premier Energy Trading</b>                         | Premier Energy Trading S.R.L.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Progaz</b>                                         | Progaz P&D S.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Progaz Gas Distribution Areas</b>                  | the area comprising of 3 concessions in Romania in which Progaz performs gas distribution activities under the Progaz Gas Distribution License                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Progaz Gas Distribution License</b>                | distribution license no. 1865 dated 10 October 2013 granted by the Romanian ANRE to Progaz                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Progaz Gas Supply License</b>                      | supply license no. 2497 dated 16 March 2023 granted by the Romanian ANRE to Progaz                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Pricing Agreement</b>                              | the pricing agreement between the Company, the Selling Shareholder and the Managers following the completion of the bookbuilding of the Offering                                                                                                                                                                                                                                                                                                                                                               |
| <b>Prospectus Regulation</b>                          | The Prospectus Regulation (EU) 2017/1129 of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC, as amended                                                                                                                                                                                                                                                                             |
| <b>Pro Forma Financial Statements</b>                 | The unaudited pro forma consolidated statements of profit or loss and other comprehensive income of the Group prepared to illustrate the effect of the acquisition of CEZ Vanzare on the Group's consolidated statements of profit or loss and other comprehensive income for the year ended 31 December 2023 had the acquisitions taken place on 1 January 2023 and on the Group's statement of financial position as of 31 December 2023 had the acquisition of CEZ Vanzare taken place on 31 December 2023. |
| <b>Pro-rata Allocation Part of the Retail Tranche</b> | The <i>pro rata</i> allocation factor for the part of the Retail Tranche which results after the deduction of the subscriptions of the Reserved Shares allocated within the Limit of the Preferred Allocation                                                                                                                                                                                                                                                                                                  |
| <b>QIB</b>                                            | Qualified institutional buyers in the United States                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>qualified investors</b>                            | qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>RAB</b>                                            | regulated asset base                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Record Date</b>                                    | a date not exceeding two working days prior to the general meeting of shareholders to which it relates                                                                                                                                                                                                                                                                                                                                                                                                         |



**Reference Price**

**Registrar of Companies**

**Regulation no. 5/2018**

**Regulation S**

**Regulated Market**

**Related Party Disclosures**

**relevant persons**

**Relevant State**

**REMIT**

**Renewables Law**

**reporting entity**

**Reporting Person**

**Reserved Shares**

**Retail Investors**

**Retail Tranche**

**Romanian ANRE**

**Romanian Central Depositary**

**RON**

RON 450/MWh

the Department of Registrar of Companies and Intellectual Property in Cyprus

Regulation no. 5/2018 on issuers of financial instruments and market operations issued by the Romanian Financial Supervisory Authority, as further amended

Regulation S of the Securities Act

Regulated Market administered by the Bucharest Stock Exchange

the requirements of IAS 24

persons that are qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation that also: (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or (ii) who fall within Article 49(2)(a) to (d) of the Order; or (iii) to whom it may otherwise lawfully be communicated

each Member State of the European Economic Area (other than Romania)

Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency

Law on the promotion of energy from renewable sources no. 10 of 26 February 2016

The entity that is preparing the financial statements

a person who is entitled to acquire, dispose or exercise voting rights in the company, when the percentage of voting rights held by them, as a result of the acquisition or disposal or exercise, or the events that change the breakdown of the company's voting rights, reaches, exceeds or falls below (as the case may be) the Thresholds

a certain number of Offer Shares reserved by the Selling Shareholder and the Company for allocation to Mr. Garza and Mr. Stohr

Any individual or entity (with or without legal personality) in Romania who does not meet the criteria to qualify as an Institutional Investor

an Offering Tranche consisting of an initial number of 7,187,572 Offer Shares (representing 20% of the initial number of Offer Shares) addressed via a public offer in Romania to Retail Investors;

the Romanian Energy Regulatory Authority

Depozitarul Central S.A.

Romanian Lei



|                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>RPTs</b>                                                | related party transactions                                                                                                                                                                                                                                                                                                                                                                                           |
| <b>Rule 144A</b>                                           | Rule 144A under the Securities Act                                                                                                                                                                                                                                                                                                                                                                                   |
| <b>System Average Interruption Duration Index (SAIDI)</b>  | an index which represents the average duration of interruption to the electricity grid                                                                                                                                                                                                                                                                                                                               |
| <b>System Average Interruption Frequency Index (SAIFI)</b> | an index which represents the average duration of interruption to the electricity grid                                                                                                                                                                                                                                                                                                                               |
| <b>SDC</b>                                                 | Special Defence Contribution                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>SEC</b>                                                 | The United States Securities and Exchange Commission.                                                                                                                                                                                                                                                                                                                                                                |
| <b>Securities Act</b>                                      | U.S. Securities Act of 1933, as amended                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Selling Shareholder</b>                                 | Emma Alpha Holding Ltd                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Settlement Date</b>                                     | 20 May 2024                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Share</b>                                               | Each share in the share capital of the Company with a par value of EUR 0.001                                                                                                                                                                                                                                                                                                                                         |
| <b>Shares</b>                                              | The ordinary shares issued by the Company                                                                                                                                                                                                                                                                                                                                                                            |
| <b>SHIS</b>                                                | Individual contributors to the Social Health Insurance System                                                                                                                                                                                                                                                                                                                                                        |
| <b>SME</b>                                                 | small and medium size company                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Stabilisation Agent</b>                                 | Wood & Company                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Stabilisation Manager</b>                               | Citigroup                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Subscription Form</b>                                   | The subscription form submitted in relation to the subscription of Offer Shares                                                                                                                                                                                                                                                                                                                                      |
| <b>Successful Closing of the Offering</b>                  | the closing of the offering in the conditions set out in " <i>Subscription and Sale – Final Offer Price</i> "                                                                                                                                                                                                                                                                                                        |
| <b>Target Market Assessment</b>                            | a product approval process to which the Offer Shares have been subject to, which has determined that such Offer Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II     |
| <b>Third Energy Package</b>                                | the Directive 2009/72/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in electricity and repealing Directive 2003/54/EC; and Regulation (EC) No 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity and repealing Regulation (EC) No 1228/2003 |
| <b>Transaction Date</b>                                    | 16 May 2024                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Transparency Directive</b>                              | Directive 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC                                                                                                                                                                                                    |





## **Thresholds**

## **True Energy Management**

## **UK**

## **Underwriting Agreement**

## **UniCredit Facility**

## **Upsize Option**

## **Upsize Scenario**

## **Upsize Shares**

## **Unbundling Obligation**

## **United States or US**

## **USD**

## **Vista Bank**

## **Vista Enex Loan**

## **Vista Facility**

## **Wound Up Company**

Cyprus Transparency Requirements (Securities Admitted to Trading in a Regulated Market) Law, No.190(I)/2007, as amended

a threshold of 5%, 10%, 15%, 20%, 25%, 30%, 50% or 75% of the company's total voting rights under the Transparency Law

True Energy Management S.R.L.

United Kingdom

the underwriting agreement entered into on or around the date of this Prospectus between the Company, the Selling Shareholder and the Managers in relation to the sale and offer of the Offer Shares

loan agreement originally dated 9 October 2019 entered into between UniCredit Bank, Premier Energy S.R.L. and Ligatne Limited, as subsequently amended

the option of the Company and Selling Shareholder, upon the recommendation of, and in consultation with, the Joint Global Coordinators, to increase the number of Offer Shares by up to 20% of the number of Base Shares

the scenario in which the Upsize Option has been exercised and the Offer shares have been increased by the number of Upsize Shares

up to 6,250,063 additional Offer Shares

In accordance with the EU legislation, the electricity and natural gas distribution activities must be separated from electricity/natural gas supply or production activities, the holder of an electricity/natural gas distribution license cannot also hold an electricity/natural gas supply or production license in its electricity/natural gas distribution concession area

United States of America

the lawful currency of the United States of America

Vista Bank (Romania) SA

loan granted by Vista Bank for the full refinancing of an intra-group loan granted by Enex S.R.L. to Enex

loan granted by Vista Bank for the partial refinancing of an intra-group loan granted by MEF Holdings Limited

a company that is wound up in accordance with the insolvency laws of Cyprus



I, the undersigned **DUMITRESCU ANCA-GEORGIANA**, translator authorised under no. 19141/2017 by the Romanian Ministry of Justice, do hereby certify the accuracy of this translation with the copy of the document in Romanian language.

**TRANSLATOR,**







### 30. INDEX TO FINANCIAL STATEMENTS

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**PREMIER ENERGY PLC**

**Management report, auditors' report  
and special purpose consolidated financial statements  
31 December 2023, 31 December 2022 and 31 December  
2021**



## **Officers and Professional Advisors**

|                      |                                                                                                                                                                                                                                                                                                                               |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Board of Directors   | Petr Stohr (appointed on 28 January 2021)<br>Demetrios Aletraris<br>Radka Blažková                                                                                                                                                                                                                                            |
| Secretary            | Cymanco Services Limited<br>5 Esperidon Street<br>4th floor<br>2001 Nicosia<br>Cyprus                                                                                                                                                                                                                                         |
| Independent Auditors | Ernst & Young Cyprus Limited<br>Certified Public Accountants and Registered Auditors<br>Jean Nouvel Tower, 6 Stasinou Avenue<br>1060 Nicosia<br>Cyprus                                                                                                                                                                        |
| Bankers              | Unicredit Bank SA<br>European Bank for Reconstruction and Development (EBRD)<br>European Investment Bank (EIB)<br>Alpha Bank Romania SA<br>Vista Bank (Romania) SA<br>Vista Leasing IFN (Romania) S.A.<br>Credit Agricole Bank Romania S.A.<br>PPF Bank a.s.<br>BC Eximbank SA<br>BC Moldova Agroindbank SA<br>J&T Banka a.s. |
| Registered Office    | 48 Themistokli Dervi Avenue<br>Athienitis Centennial Building, 3 <sup>rd</sup> floor, Office 303<br>1066 Nicosia<br>Cyprus                                                                                                                                                                                                    |
| Registration number  | 11E316455                                                                                                                                                                                                                                                                                                                     |

## **Consolidated Management Report**

The Board of Directors of PREMIER ENERGY PLC (the "Company") presents to the members its Management Report together with the audited special purpose consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the years ended 31 December 2023, 31 December 2022 and 31 December 2021.

### **INCORPORATION**

The Company was incorporated in Cyprus on 11 December 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

### **CHANGE OF COMPANY NAME**

On 10 June 2020, the Company changed its name from CHAPALACO LIMITED to PREMIER ENERGY CYPRUS LIMITED.

On 8 March 2021, the legal status of the Company converted from that of a Private Limited Liability company to that of a Public Company and, on the same date, its name changed from PREMIER ENERGY CYPRUS LIMITED to PREMIER ENERGY PLC.

### **PRINCIPAL ACTIVITIES**

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in Southeastern Europe ("SEE"). The Group has over 1,000 MW of renewable electricity generation under ownership, management or in development in Romania and Moldova along with the fastest growing renewable electricity supply business. The Group is also the third largest natural gas distributor and supplier in Romania with over 150,000 consumption points. Furthermore, the Group is the largest electricity distributor and supplier in the Republic of Moldova with almost one million consumption points serving approximately 75% of the Moldovan population. The Group's business strategy is aligned with the UN Sustainable Development Goals with a focus on Europe's Green Deal initiatives representing EU's proposals to make climate, energy, transport and taxation policies appropriate for reducing net greenhouse emissions by at least 55% by 2030 with clear ESG guidelines and policies in place.

### **FINANCIAL RESULTS**

The Group's financial results for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 are set out on page 11 in the special purpose consolidated financial statements. The net profit for the years 2023, 2022 and 2021 amounted to TEUR 78,962, 2022 – TEUR 183,244 and 2021 – TEUR 22,312.

### **EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP**

The results for the years are considered satisfactory as the Group achieved a net profit attributable to equity holders of the Company for the year 2023 totalling TEUR 65,871, for the year 2022 of TEUR 166,018 and for the year 2021 of TEUR 22,664.

### **REVENUE**

The Group's revenue from core operations for the year ended 31 December 2023 amounted TEUR 911,975, for the year ended 31 December 2022 of TEUR 1,096,170 and for the year ended 2021 of TEUR 401,680.

### **DIVIDENDS**

During 2023, dividends in the amount of TEUR 18,000 were distributed to the shareholders of the Company and interim dividends in the total amount of TEUR 10,748 were distributed to minority shareholders of subsidiaries.

During 2022, interim dividends in the total amount of TEUR 3,087 were distributed to minority shareholders of subsidiaries. During 2021, interim dividends in the total amount of TEUR 350 were distributed to minority shareholders of subsidiaries.



## **Consolidated Management Report (continued)**

### **MAIN RISKS AND UNCERTAINTIES**

The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in Note 4 of the special purpose consolidated financial statements.

### **FUTURE DEVELOPMENTS**

On 21 December 2023, the Group signed a share purchase agreement for the acquisitions of a 100% share stake in CEZ Vanzare S.A., an electricity and gas supply business providing approximately 3,157 GWh of electricity and gas to its customers, receiving Romanian competition council approval on 14 March 2024 and foreign direct investment approval on 29 March 2024. Together with the acquisition of the CEZ Vanzare S.A. the Group will be serving approximately 2.4 million gas and electricity supply consumption points in Romania and the Republic of Moldova, the vast majority of which are households and small businesses (see further details in Note 36). The Group is finalising its Decarbonisation Plan with a strategy to reach net zero greenhouse gas emissions by 2045.

### **SHARE CAPITAL**

Any changes in the ordinary share capital of the Company are described in Note 23 of the special purpose consolidated financial statements.

### **BOARD OF DIRECTORS**

The members of the Company's Board of Directors as at 31 December 2023 and at the date of this report are presented on page 3.

In accordance with the Company's Articles of Association, all directors presently members of the Board continue in their office.

There were no significant changes in the composition, assignment of responsibilities and remuneration of the Board of Directors.

### **RECENT VOLATILITY IN GLOBAL FINANCIAL MARKETS**

Any significant events that relate to the operating environment of the Group is described in Note 5 of the special purpose consolidated financial statements.

### **EVENTS AFTER THE REPORTING PERIOD**

Any significant events that occurred after the end of the reporting period are described in Note 36 of the special purpose consolidated financial statements.

### **RELATED PARTY TRANSACTIONS**

Related party transactions are disclosed in Note 33 of the special purpose consolidated financial statements.

### **INDEPENDENT AUDITORS**

During the year, Ernst & Young Cyprus Limited were appointed as the independent auditors of the Company.

The independent auditors of the Company, Ernst & Young Cyprus Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,



Petr Stöhr  
Director

Nicosia, 11 April 2024

## Independent Auditor's Report

To the Members of Premier Energy PLC

### Report on the Audit of the Special Purpose Consolidated Financial Statements

#### Opinion

We have audited the special purpose consolidated financial statements of Premier Energy PLC (the "Company"), and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 December 2023, 2022 and 2021, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years then ended, and notes to the special purpose consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying special purpose consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, 2022 and 2021, and of its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Emphasis of Matter

We draw attention to Note 2 to the accompanying special purpose consolidated financial statements which describes the basis of preparation and that the accompanying special purpose consolidated financial statements for the years ended 31 December 2023, 2022 and 2021 have been prepared for inclusion in the Company's initial public offering application of the Company's shares on the Bucharest Stock Exchange in Romania. As a result, the special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

#### Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises information included in the consolidated management report, but does not include the special purpose consolidated financial statements and our auditor's report thereon.

Our opinion on the special purpose consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





In connection with our audit of the special purpose consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the special purpose consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the Board of Directors for the Special Purpose Consolidated Financial Statements**

The Board of Directors is responsible for the preparation of special purpose consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of special purpose consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the special purpose consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Special Purpose Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the special purpose consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the special purpose consolidated financial statements, including the disclosures, and whether the special purpose consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Andreas Avraamides  
Certified Public Accountant and Registered Auditor  
for and on behalf of

**Ernst & Young Cyprus Limited**  
Certified Public Accountants and Registered Auditors

Nicosia, 11 April 2024



**PREMIER ENERGY PLC**  
*Consolidated Statements of Financial Position*  
*as at 31 December 2023, 31 December 2022 and 31 December 2021*

|                                                        |             | <b>2023</b>    | <b>2022</b>    | <b>2021</b>    |
|--------------------------------------------------------|-------------|----------------|----------------|----------------|
|                                                        |             | <b>TEUR</b>    | <b>TEUR</b>    | <b>TEUR</b>    |
| <b>ASSETS</b>                                          | <b>Note</b> |                |                |                |
| <b>Non-current assets</b>                              |             |                |                |                |
| Intangible assets and goodwill                         | 7           | 47,759         | 41,099         | 10,381         |
| Property, plant and equipment                          | 8           | 399,132        | 315,309        | 252,039        |
| Investments in equity-accounted investees              | 16          | 199            | --             | --             |
| Loans receivable                                       | 13          | 4,855          | 4,649          | 2,335          |
| Trade receivables                                      | 10          | 1,146          | --             | 22             |
| Other assets                                           | 14          | 14,057         | 3,705          | 6,808          |
| Green certificates                                     | 15          | 1,090          | 3,628          | --             |
| Restricted deposits                                    | 12          | 2,303          | 5,446          | 141            |
| Deferred tax assets                                    | 21          | 438            | 2,542          | 2,059          |
| <b>Total non-current assets</b>                        |             | <b>470,979</b> | <b>376,378</b> | <b>273,785</b> |
| <b>Current assets</b>                                  |             |                |                |                |
| Loans receivable                                       | 13          | 201            | 196            | 33             |
| Current income tax assets                              | 32          | 26             | 66             | 26             |
| Trade receivables                                      | 10          | 87,240         | 108,520        | 73,954         |
| Inventories                                            | 11          | 35,424         | 49,132         | 6,344          |
| Other assets                                           | 14          | 45,386         | 35,600         | 18,151         |
| Green certificates                                     | 15          | 3,895          | 2,050          | --             |
| Restricted deposits                                    | 12          | 5,638          | 9,934          | 778            |
| Financial assets at amortised cost – other deposits    | 12          | --             | 64             | 64             |
| Operating derivative instruments – commodity contracts | 22          | --             | 3,123          | --             |
| Contract assets                                        | 25          | 779            | 154            | 208            |
| Cash and cash equivalents                              | 9           | 81,272         | 48,657         | 19,783         |
| <b>Total current assets</b>                            |             | <b>259,861</b> | <b>257,496</b> | <b>119,341</b> |
| <b>Total assets</b>                                    |             | <b>730,840</b> | <b>633,874</b> | <b>393,126</b> |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

**PREMIER ENERGY PLC**  
(unaudited statements of financial position continued)  
as at 31 December 2023, 31 December 2022 and 31 December 2021

|                                                        | Note | 2023<br>TEUR   | 2022<br>TEUR   | 2021<br>TEUR   |
|--------------------------------------------------------|------|----------------|----------------|----------------|
| <b>EQUITY</b>                                          |      |                |                |                |
| Share capital                                          | 23   | 100            | 100            | 100            |
| Share premium                                          | 23   | 22,457         | 22,457         | 22,457         |
| Common control transaction reserve                     | 23   | (5,018)        | (5,018)        | (5,018)        |
| Revaluation reserves                                   | 23   | 46,790         | 37,883         | 37,768         |
| Translation reserve                                    | 23   | (18)           | (7,587)        | (4,879)        |
| Legal reserve                                          | 23   | 3,434          | 2,804          | 2,194          |
| Retained earnings                                      |      | 232,122        | 84,778         | 63,542         |
| Profit for the year                                    | 23   | 65,871         | 166,018        | 22,664         |
| <b>Equity attributable to owners of the Company</b>    |      | <b>365,738</b> | <b>301,435</b> | <b>138,828</b> |
| <b>Non-controlling interests</b>                       | 24   | <b>39,247</b>  | <b>33,480</b>  | <b>10,531</b>  |
| <b>Total equity</b>                                    |      | <b>404,985</b> | <b>334,915</b> | <b>149,359</b> |
| <b>LIABILITIES</b>                                     |      |                |                |                |
| <b>Non-current liabilities</b>                         |      |                |                |                |
| Provisions                                             | 17   | 6,227          | 2,533          | 845            |
| Due to banks and other financial institutions          | 18   | 100,379        | 91,143         | 81,759         |
| Trade payables                                         | 19   | 38             | --             | --             |
| Lease liabilities                                      | 8    | 4,542          | 3,212          | 1,461          |
| Other liabilities                                      | 20   | 38,040         | 16,216         | 12,511         |
| Deferred tax liabilities                               | 21   | 22,579         | 20,119         | 16,393         |
| <b>Total non-current liabilities</b>                   |      | <b>171,805</b> | <b>133,223</b> | <b>112,969</b> |
| <b>Current liabilities</b>                             |      |                |                |                |
| Bank overdrafts                                        | 9    | --             | --             | 7,607          |
| Provisions                                             | 17   | 2,698          | 1,690          | 576            |
| Due to non-banks                                       | 18   | 1,318          | 3,965          | 1,736          |
| Due to banks and other financial institutions          | 18   | 53,096         | 49,879         | 46,589         |
| Bonds and notes issued                                 | 18   | --             | 2,020          | --             |
| Operating derivative instruments – commodity contracts | 22   | --             | 3,777          | --             |
| Current income tax liabilities                         | 32   | 3,946          | 3,126          | 3,965          |
| Trade payables                                         | 19   | 46,740         | 18,434         | 21,303         |
| Contract liabilities                                   | 25   | 17,574         | 11,169         | 6,501          |
| Lease liabilities                                      | 8    | 674            | 510            | 435            |
| Other liabilities                                      | 20   | 28,004         | 71,166         | 42,086         |
| <b>Total current liabilities</b>                       |      | <b>154,050</b> | <b>165,736</b> | <b>130,798</b> |
| <b>Total liabilities</b>                               |      | <b>325,855</b> | <b>298,959</b> | <b>243,767</b> |
| <b>Total liabilities and equity</b>                    |      | <b>730,840</b> | <b>633,874</b> | <b>393,126</b> |

On 11 April 2024, the Board of Directors of PREMIER ENERGY PLC authorised these special purpose consolidated financial statements for issue.



Radka Blažková  
Director



Petr Stöhr  
Director

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements



**PREMIER ENERGY PLC**  
*Consolidated Statements of Profit or Loss and Other Comprehensive Income  
for the years ended 31 December 2023, 31 December 2022 and 31 December 2021*

|                                                                                                             | Note | 2023<br>TEUR   | 2022<br>TEUR   | 2021<br>TEUR  |
|-------------------------------------------------------------------------------------------------------------|------|----------------|----------------|---------------|
| Revenues                                                                                                    | 25   | 911,975        | 1,096,170      | 401,680       |
| Other operating income                                                                                      | 29   | 34,838         | 23,076         | 2,908         |
| Gain on bargain purchase                                                                                    | 1    | 4,037          | 10,843         | 1,205         |
| Cost of electricity, gas and transportation                                                                 | 25   | (738,602)      | (811,219)      | (312,045)     |
| Raw materials and consumables used                                                                          | 11   | (4,847)        | (3,775)        | (1,699)       |
| Depreciation and amortisation                                                                               | 7,8  | (19,109)       | (17,521)       | (14,332)      |
| Services and material expenses                                                                              | 26   | (46,021)       | (36,559)       | (26,658)      |
| Personnel expenses                                                                                          | 27   | (28,761)       | (22,760)       | (17,765)      |
| Other operating expenses                                                                                    | 30   | (1,960)        | (2,497)        | (602)         |
| Reversal of/(impairment) on loans and receivables                                                           | 28   | 1,108          | (1,245)        | 179           |
| Finance income                                                                                              | 31   | 2,323          | 1,156          | 1,291         |
| Finance expense                                                                                             | 31   | (12,683)       | (11,169)       | (6,541)       |
| <b>Profit before tax</b>                                                                                    |      | <b>102,298</b> | <b>224,500</b> | <b>27,621</b> |
| Income tax expense                                                                                          | 32   | (23,336)       | (41,256)       | (5,309)       |
| <b>Profit after tax</b>                                                                                     |      | <b>78,962</b>  | <b>183,244</b> | <b>22,312</b> |
| <b>Other comprehensive income:</b>                                                                          |      |                |                |               |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b>                                |      |                |                |               |
| Translation reserves changes                                                                                | 23   | 8,064          | (2,962)        | 6,236         |
| <b>Items that will never be reclassified to profit or loss:</b>                                             |      |                |                |               |
| Revaluation of property, plant and equipment                                                                |      | 8,907          | 115            | 6,964         |
| <b>Other comprehensive income for the year</b>                                                              |      | <b>16,971</b>  | <b>(2,847)</b> | <b>13,200</b> |
| <b>Total comprehensive income for the year</b>                                                              |      | <b>95,933</b>  | <b>180,397</b> | <b>35,512</b> |
| <b>Total profit attributable to:</b>                                                                        |      |                |                |               |
| Owners of the Company                                                                                       |      | 65,871         | 166,018        | 22,664        |
| Non-controlling interests                                                                                   | 24   | 13,091         | 17,226         | (352)         |
|                                                                                                             |      | <b>78,962</b>  | <b>183,244</b> | <b>22,312</b> |
| <b>Total comprehensive income attributable to:</b>                                                          |      |                |                |               |
| Owners of the Company                                                                                       |      | 82,347         | 163,503        | 35,346        |
| Non-controlling interests                                                                                   | 24   | 13,586         | 16,894         | 166           |
|                                                                                                             |      | <b>95,933</b>  | <b>180,397</b> | <b>35,512</b> |
| Earnings per ordinary share attributable to the owners of the Company, basic and diluted (in EUR per share) | 23   | <b>0.659</b>   | <b>1.66</b>    | <b>0.247</b>  |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

**PREMIER ENERGY PLC**  
*Consolidated Statements of Changes in Equity*  
for the years ended 31 December 2023, 31 December 2022 and 31 December 2021

|                                                               | Note | Share capital | Share premium | Common control transaction reserve | Revaluation reserve | Translation reserve | Legal reserve | Retained earnings | Total – Owners of the Company | Non-controlling interest | Total    |
|---------------------------------------------------------------|------|---------------|---------------|------------------------------------|---------------------|---------------------|---------------|-------------------|-------------------------------|--------------------------|----------|
|                                                               |      | TEUR          | TEUR          | TEUR                               | TEUR                | TEUR                | TEUR          | TEUR              | TEUR                          | TEUR                     | TEUR     |
| <b>Balance as at 1 January 2023</b>                           |      | 100           | 22,457        | (5,018)                            | 37,883              | (7,587)             | 2,804         | 250,796           | 301,435                       | 33,480                   | 334,915  |
| <b>Comprehensive income</b>                                   |      |               |               |                                    |                     |                     |               |                   |                               |                          |          |
| Profit for the year                                           |      | --            | --            | --                                 | --                  | --                  | --            | 65,871            | 65,871                        | 13,091                   | 78,962   |
| <b>Profit for the year</b>                                    |      | --            | --            | --                                 | --                  | --                  | --            | 65,871            | 65,871                        | 13,091                   | 78,962   |
| Revaluation gains on distribution networks                    |      | --            | --            | --                                 | 8,907               | --                  | --            | --                | 8,907                         | --                       | 8,907    |
| Translation reserve change                                    |      | --            | --            | --                                 | --                  | 7,569               | --            | --                | 7,569                         | 495                      | 8,064    |
| <b>Total other comprehensive income for the year</b>          |      | --            | --            | --                                 | 8,907               | 7,569               | --            | --                | 16,476                        | 495                      | 16,971   |
| <b>Total comprehensive income for the year</b>                |      | --            | --            | --                                 | 8,907               | 7,569               | --            | 65,871            | 82,347                        | 13,586                   | 95,933   |
| <b>Transactions with owners recognised directly in equity</b> |      |               |               |                                    |                     |                     |               |                   |                               |                          |          |
| <i>Contributions by and distributions to owners</i>           |      |               |               |                                    |                     |                     |               |                   |                               |                          |          |
| Capital contributions from NCI to equity of subsidiaries      | 1    | --            | --            | --                                 | --                  | --                  | --            | --                | --                            | 1,289                    | 1,289    |
| Dividends paid                                                | 23   | --            | --            | --                                 | --                  | --                  | --            | (18,000)          | (18,000)                      | (10,748)                 | (28,748) |
| Net contribution to legal reserve                             | 23   | --            | --            | --                                 | --                  | --                  | 630           | (630)             | --                            | --                       | --       |
| <b>Total contributions by and distributions to owners</b>     |      | --            | --            | --                                 | --                  | --                  | 630           | (18,630)          | (18,000)                      | (9,459)                  | (27,459) |
| Transactions NCI without change in control                    |      | --            | --            | --                                 | --                  | --                  | --            | --                | --                            | (7)                      | (7)      |
| Effect from acquisitions through business combinations        | 1    | --            | --            | --                                 | --                  | --                  | --            | --                | --                            | 1,647                    | 1,647    |
| <b>Total changes in ownership interests in subsidiaries</b>   |      | --            | --            | --                                 | --                  | --                  | --            | --                | --                            | 1,640                    | 1,640    |
| <b>Total transactions with owners</b>                         |      | --            | --            | --                                 | --                  | --                  | 630           | (18,630)          | (18,000)                      | (7,819)                  | (25,819) |
| <b>Other movements</b>                                        |      | --            | --            | --                                 | --                  | --                  | --            | (44)              | (44)                          | --                       | (44)     |
| <b>Balance as at 31 December 2023</b>                         |      | 100           | 22,457        | (5,018)                            | 46,790              | (18)                | 3,434         | 297,993           | 365,738                       | 39,247                   | 404,985  |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.



**PREMIER ENERGY PLC**  
*Consolidated Statements of Changes in Equity*  
for the years ended 31 December 2023, 31 December 2022 and 31 December 2021

|                                                             | Note | Share capital | Share premium | Common control transaction reserve | Revaluation reserve | Translation reserve | Legal reserve | Retained earnings | Total – Owners of the Company | Non-controlling interest | Total   |
|-------------------------------------------------------------|------|---------------|---------------|------------------------------------|---------------------|---------------------|---------------|-------------------|-------------------------------|--------------------------|---------|
|                                                             |      | TEUR          | TEUR          | TEUR                               | TEUR                | TEUR                | TEUR          | TEUR              | TEUR                          | TEUR                     | TEUR    |
| Balance as at 1 January 2022                                |      | 100           | 22,457        | (5,018)                            | 37,768              | (4,879)             | 2,194         | 86,206            | 138,828                       | 10,531                   | 149,359 |
| Comprehensive income                                        |      |               |               |                                    |                     |                     |               |                   |                               |                          |         |
| Profit for the year                                         |      | --            | --            | --                                 | --                  | --                  | --            | 166,018           | 166,018                       | 17,226                   | 183,244 |
| <i>Profit for the year</i>                                  |      | --            | --            | --                                 | --                  | --                  | --            | 166,018           | 166,018                       | 17,226                   | 183,244 |
| Revaluation gains on distribution networks                  |      | --            | --            | --                                 | 115                 | --                  | --            | --                | 115                           | --                       | 115     |
| Translation reserve change                                  |      | --            | --            | --                                 | --                  | (2,630)             | --            | --                | (2,630)                       | (332)                    | (2,962) |
| <i>Total other comprehensive income for the year</i>        |      | --            | --            | --                                 | 115                 | (2,630)             | --            | --                | (2,515)                       | (332)                    | (2,847) |
| <b>Total comprehensive income for the year</b>              |      | --            | --            | --                                 | 115                 | (2,630)             | --            | 166,018           | 163,503                       | 16,894                   | 180,397 |
| Transactions with owners recognised directly in equity      |      |               |               |                                    |                     |                     |               |                   |                               |                          |         |
| Contributions by and distributions to owners                |      |               |               |                                    |                     |                     |               |                   |                               |                          |         |
| Dividends paid                                              | 23   | --            | --            | --                                 | --                  | --                  | --            | --                | --                            | (3,087)                  | (3,087) |
| Net contribution to legal reserve                           | 23   | --            | --            | --                                 | --                  | --                  | 610           | (610)             | --                            | --                       | --      |
| <b>Total contributions by and distributions to owners</b>   |      | --            | --            | --                                 | --                  | --                  | 610           | (610)             | --                            | (3,087)                  | (3,087) |
| Transactions NCI without change in control                  |      | --            | --            | --                                 | --                  | (78)                | --            | (658)             | (736)                         | 4,490                    | 3,754   |
| Effect from acquisitions through business combinations      | 1    | --            | --            | --                                 | --                  | --                  | --            | --                | --                            | 4,652                    | 4,652   |
| <b>Total changes in ownership interests in subsidiaries</b> |      | --            | --            | --                                 | --                  | (78)                | --            | (658)             | (736)                         | 9,142                    | 8,406   |
| <b>Total transactions with owners</b>                       |      | --            | --            | --                                 | --                  | (78)                | 610           | (1,268)           | (736)                         | 6,055                    | 5,319   |
| Other movements                                             |      | --            | --            | --                                 | --                  | --                  | --            | (160)             | (160)                         | --                       | (160)   |
| <b>Balance as at 31 December 2022</b>                       |      | 100           | 22,457        | (5,018)                            | 37,883              | (7,587)             | 2,804         | 250,796           | 301,435                       | 33,480                   | 334,915 |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.

**PREMIER ENERGY PLC**  
*Consolidated Statements of Changes in Equity*  
for the years ended 31 December 2023, 31 December 2022 and 31 December 2021

|                                                               | Note | Share capital | Share premium | Common control transaction reserve | Revaluation reserve | Translation reserve | Legal reserve | Retained earnings | Total—Owners of the Company | Non-controlling interest | Total          |
|---------------------------------------------------------------|------|---------------|---------------|------------------------------------|---------------------|---------------------|---------------|-------------------|-----------------------------|--------------------------|----------------|
|                                                               |      | TEUR          | TEUR          | TEUR                               | TEUR                | TEUR                | TEUR          | TEUR              | TEUR                        | TEUR                     | TEUR           |
| <b>Balance as at 1 January 2021</b>                           |      | <b>1</b>      | <b>18,650</b> | <b>(5,018)</b>                     | <b>30,804</b>       | <b>(10,597)</b>     | <b>342</b>    | <b>64,671</b>     | <b>98,853</b>               | <b>10,715</b>            | <b>109,568</b> |
| <b>Comprehensive income</b>                                   |      |               |               |                                    |                     |                     |               |                   |                             |                          |                |
| Profit/(loss) for the year                                    |      | --            | --            | --                                 | --                  | --                  | --            | 22,664            | 22,664                      | (352)                    | 22,312         |
| <i>Profit for the year</i>                                    |      | --            | --            | --                                 | --                  | --                  | --            | 22,664            | 22,664                      | (352)                    | 22,312         |
| Revaluation gains on distribution networks                    |      | --            | --            | --                                 | 6,964               | --                  | --            | --                | 6,964                       | --                       | 6,964          |
| Translation reserve change                                    |      | --            | --            | --                                 | --                  | 5,718               | --            | --                | 5,718                       | 518                      | 6,236          |
| <i>Total other comprehensive income for the year</i>          |      | --            | --            | --                                 | 6,964               | 5,718               | --            | --                | 12,682                      | 518                      | 13,200         |
| <b>Total comprehensive income for the year</b>                |      | --            | --            | --                                 | 6,964               | 5,718               | --            | 22,664            | 35,346                      | 166                      | 35,512         |
| <b>Transactions with owners recognised directly in equity</b> |      |               |               |                                    |                     |                     |               |                   |                             |                          |                |
| <i>Contributions by and distributions to owners</i>           |      |               |               |                                    |                     |                     |               |                   |                             |                          |                |
| Issue of new shares (incl. share premium)                     | 23   | 99            | 3,807         | --                                 | --                  | --                  | --            | --                | 3,906                       | --                       | 3,906          |
| Dividends paid                                                | 23   | --            | --            | --                                 | --                  | --                  | --            | --                | --                          | (350)                    | (350)          |
| Net contribution to legal reserve                             | 23   | --            | --            | --                                 | --                  | --                  | 1,852         | (1,852)           | --                          | --                       | --             |
| <b>Total contributions by and distributions to owners</b>     |      | <b>99</b>     | <b>3,807</b>  | <b>--</b>                          | <b>--</b>           | <b>--</b>           | <b>1,852</b>  | <b>(1,852)</b>    | <b>3,906</b>                | <b>(350)</b>             | <b>3,556</b>   |
| <b>Total transactions with owners</b>                         |      | <b>99</b>     | <b>3,807</b>  | <b>--</b>                          | <b>--</b>           | <b>--</b>           | <b>1,852</b>  | <b>(1,852)</b>    | <b>3,906</b>                | <b>(350)</b>             | <b>3,556</b>   |
| <b>Other movements</b>                                        |      | --            | --            | --                                 | --                  | --                  | --            | 723               | 723                         | --                       | 723            |
| <b>Balance as at 31 December 2021</b>                         |      | <b>100</b>    | <b>22,457</b> | <b>(5,018)</b>                     | <b>37,768</b>       | <b>(4,879)</b>      | <b>2,194</b>  | <b>86,206</b>     | <b>138,828</b>              | <b>10,531</b>            | <b>149,359</b> |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements



**PREMIER ENERGY PLC**  
*Consolidated Statements of Cash Flows*  
*for the years ended 31 December 2023, 31 December 2022 and 31 December 2021*

|                                                                            |       | 2023            | 2022            | 2021           |
|----------------------------------------------------------------------------|-------|-----------------|-----------------|----------------|
|                                                                            | Note  | TEUR            | TEUR            | TEUR           |
| <b>Cash flows from operating activities</b>                                |       | <b>102,298</b>  | <b>224,500</b>  | <b>27,621</b>  |
| <b>Profit for the year before tax</b>                                      |       |                 |                 |                |
| <b>Adjustment for:</b>                                                     |       |                 |                 |                |
| Depreciation and amortisation                                              | 7,8   | 19,109          | 17,521          | 14,332         |
| (Reversal)/impairment losses on property, plant and equipment              | 8     | (188)           | 523             | 26             |
| (Reversal of)/impairment losses on trade receivables                       | 28    | (1,050)         | 1,197           | (180)          |
| (Reversal of)/impairment losses on loans                                   | 28    | (58)            | 48              | (4)            |
| Impairment losses on other financial assets at amortised costs             | 2     | --              | --              | 5              |
| Net change in fair value of operating derivatives                          | 22    | --              | (76,444)        | --             |
| Revaluation of financial assets at FVTPL                                   | 12    | --              | --              | (1,185)        |
| Net gain on sale of property, plant and equipment and intangible assets    | 29,30 | --              | (56)            | (532)          |
| Gain on bargain purchase                                                   | 1     | (4,037)         | (10,843)        | (1,205)        |
| Net interest expense                                                       | 31    | 8,345           | 8,340           | 5,341          |
| Unrealised foreign exchange (gain)/loss                                    |       | (753)           | 598             | (1,395)        |
| <b>Operating profit before changes in working capital and provisions</b>   |       | <b>123,666</b>  | <b>165,384</b>  | <b>42,824</b>  |
| Decrease/(increase) in contract assets                                     |       | (625)           | 54              | 676            |
| Decrease/(increase) in inventories                                         |       | 13,730          | (42,783)        | 4,859          |
| (Increase)/decrease in trade receivables and other assets                  |       | 4,796           | (40,207)        | (35,677)       |
| (Increase)/decrease in restricted deposits related to operating activities |       | 7,439           | (11,934)        | (813)          |
| Increase/(decrease) in trade payables and other liabilities                |       | (12,617)        | (54)            | 20,843         |
| Increase/(decrease) in contract liabilities                                |       | 6,405           | 4,668           | 822            |
| Increase/(decrease) in provisions and employee cost                        |       | 4,432           | 1,388           | 13             |
| (Increase)/decrease in green certificates                                  |       | 1,227           | 702             | --             |
| Proceeds from operating derivatives                                        | 22    | (654)           | 77,098          | --             |
| <b>Cash generated from operating activities</b>                            |       | <b>147,799</b>  | <b>154,316</b>  | <b>33,547</b>  |
| Interest paid                                                              |       | (6,921)         | (9,474)         | (2,412)        |
| Income tax paid                                                            |       | (22,680)        | (40,253)        | (5,287)        |
| <b>Net cash generated from operating activities</b>                        |       | <b>118,198</b>  | <b>104,589</b>  | <b>25,848</b>  |
| <b>Cash flows from investing activities</b>                                |       |                 |                 |                |
| Proceeds from sale of property, plant and equipment                        |       | 3,161           | 2,341           | 1,401          |
| Proceeds from other financial assets                                       |       | 64              | --              | --             |
| Loans provided                                                             |       | (3,313)         | (23,420)        | (200)          |
| Loans repaid                                                               |       | 3,143           | 21,061          | 7,127          |
| Interest received                                                          |       | 166             | 651             | 74             |
| Acquisition of subsidiary, net of cash acquired                            | 1     | (9,232)         | (11,632)        | (283)          |
| Acquisition of investments in associates                                   |       | (199)           | --              | --             |
| Acquisitions of intangible assets                                          | 7     | (1,542)         | (1,360)         | (637)          |
| Acquisitions of property, plant and equipment                              | 8     | (56,365)        | (34,761)        | (16,777)       |
| <b>Net cash used in investing activities</b>                               |       | <b>(64,117)</b> | <b>(47,120)</b> | <b>(9,295)</b> |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements

**PREMIER ENERGY PLC**  
*Consolidated Statements of Cash Flows (continued)*  
*for the years ended 31 December 2023, 31 December 2022 and 31 December 2021*

|                                                                                                 | <b>Note</b> | <b>2023</b>     | <b>2022</b>     | <b>2021</b>    |
|-------------------------------------------------------------------------------------------------|-------------|-----------------|-----------------|----------------|
|                                                                                                 |             | <b>TEUR</b>     | <b>TEUR</b>     | <b>TEUR</b>    |
| <b>Cash flows from financing activities</b>                                                     |             |                 |                 |                |
| Issue of new shares                                                                             | 23          | --              | --              | 99             |
| Contribution to share premium                                                                   | 23          | --              | --              | 3,807          |
| Acquisition of subsidiary – Common control transactions                                         | 23.1        | --              | --              | (83,236)       |
| Transactions with NCI without change in control – payment for increase of shareholding interest | 1           | (7)             | 3,754           | --             |
| Capital contributions from NCI to equity of subsidiaries                                        | 1           | 1,289           | --              | --             |
| Proceeds from interest-bearing loans and borrowings                                             | 18          | 94,941          | 227,593         | 207,835        |
| Repayments of interest-bearing loans and borrowings                                             | 18          | (86,870)        | (248,695)       | (135,980)      |
| Bonds repaid                                                                                    | 18          | (2,022)         | --              | --             |
| Change in restricted deposits related to financing activities                                   | 18          | --              | 106             | (106)          |
| Payment of lease liabilities                                                                    | 18          | (720)           | (412)           | (586)          |
| Dividends paid                                                                                  | 23          | (28,748)        | (3,087)         | (350)          |
| <b>Net cash used in financing activities</b>                                                    |             | <b>(22,137)</b> | <b>(20,741)</b> | <b>(8,517)</b> |
| <b>Net movement in cash and cash equivalents</b>                                                |             | <b>31,944</b>   | <b>36,728</b>   | <b>8,036</b>   |
| <b>At the beginning of the year</b>                                                             | <b>9</b>    | <b>48,657</b>   | <b>12,176</b>   | <b>3,991</b>   |
| Effects of movements in exchange rates on cash held                                             |             | 671             | (247)           | 149            |
| <b>At the end of the year</b>                                                                   | <b>9</b>    | <b>81,272</b>   | <b>48,657</b>   | <b>12,176</b>  |
| <b>Cash and cash equivalents in the statement of cash flows are defined by:</b>                 |             |                 |                 |                |
| Cash and cash equivalents in the statement of financial position                                | 9           | 81,272          | 48,657          | 19,783         |
| Bank overdrafts                                                                                 | 9           | --              | --              | (7,607)        |
| <b>At the end of the year</b>                                                                   | <b>9</b>    | <b>81,272</b>   | <b>48,657</b>   | <b>12,176</b>  |

The notes on pages 17 to 127 are an integral part of these special purpose consolidated financial statements.



## 1. Description of the Group

PREMIER ENERGY PLC (the "Company") was incorporated and domiciled in Cyprus on 11 December 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 48 Themistokli Dervi Avenue, Athienitis Centennial Building, 3<sup>rd</sup> Floor, office 303, 1066 Nicosia, Cyprus. On 8 March 2021, the Company changed its name and corporate structure from PREMIER ENERGY CYPRUS LTD to PREMIER ENERGY PLC.

The special purpose consolidated financial statements of the Company as at and for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

### Shareholders

The owners of the Company are as follows:

| Shareholders                            | Country of incorporation | Type of shares  | Ownership interest (%) |         |        |
|-----------------------------------------|--------------------------|-----------------|------------------------|---------|--------|
|                                         |                          |                 | 2023                   | 2022    | 2021   |
| EMMA ALPHA HOLDING LTD<br>6 individuals | Cyprus                   | Ordinary shares | 99.99%                 | 99.99 % | 99.99% |
|                                         |                          | Ordinary shares | 0.01%                  | 0.01 %  | 0.01%  |

### Principal activities

The Group is one of the fastest growing privately owned vertically integrated energy infrastructure players in Southeastern Europe ("SEE"). The Group has over 1,000 MW of renewable electricity generation under ownership, management or in development in Romania and Moldova along with the fastest growing renewable electricity supply business. The Group is also the third largest natural gas distributor and supplier in Romania with over 150,000 consumption points. Furthermore, the Group is the largest electricity distributor and supplier in the Republic of Moldova with almost one million consumption points serving approximately 75% of the Moldovan population.

### Regulatory environment

The Group operates in Romania through 15 companies including numerous renewable electricity generation companies alongside a renewable management company and several natural gas distribution infrastructure and supply companies. In the Republic of Moldova, the Group operates through 4 companies, including an electricity distribution infrastructure company, an electricity supply company and an electricity supply and renewable energy generation and management company. The Group also has an energy supply company in Hungary and Serbia.

#### A. Relevant regulations in the renewable energy sector in Romania

Activity in the energy sector is regulated by the National Energy Regulatory Authority ("ANRE"), which is an autonomous administrative authority with legal personality, under parliamentary control, fully financed from its own revenues, decision-making, organizational and functional independent, having as its object of activity the development, approval and monitoring of the application of the set of mandatory regulations at the national level necessary for the operation of the sector and the electricity, heat and natural gas market in conditions of efficiency, competition, transparency and consumer protection.

ANRE's regulatory competences are expressly identified by the primary legislation applicable to the electricity, natural gas, energy efficiency and thermal energy sector, namely Emergency Ordinance no. 33/2007 on the organization and operation of the National Energy Regulatory Authority, approved through Law 160/2012, with subsequent amendments, the Electricity and Natural Gas Law no. 123/2012 with subsequent amendments and additions, Law no. 121/2014 on energy efficiency with subsequent amendments and additions, Law no. 220/2008 for the establishment of the system for the promotion of energy production from renewable energy sources republished, with subsequent amendments and additions.

## **1. Description of the Group (continued)**

### **Regulatory environment (continued)**

#### ***A. Relevant regulations in the green energy sector in Romania (continued)***

Romania has aligned with the decisions undertaken at the level of the European Union regarding the gradual elimination of coal-based production capacities. Currently, in Romania, the wind and solar energy only account for approximately 16% in total consumption and 25.4% in total installed electricity generation capacity. (Source: International Energy Agency, Romania 2021 – 2030 Integrated National Energy & Climate Plan). The new target imposed and assumed by Romania is that by 2030, 30.7% from the total consumption of the country should be based on renewable energy. In this respect, Romanian authorities have adopted legislative measures regarding the optimization of the period for obtaining approvals and authorizations related to investments in new electricity production capacities from renewable sources, in order to eliminate the imbalances in the supply/demand balance created by the shutdown of electricity production capacities from polluting sources, as well as the increase in consumption.

The Romanian Government adopted several enactments between October 2021 and November 2022 dealing with the process of holding prices under control and centralised purchase of electricity which concern the electricity generators and suppliers, namely:

- (i) the Government Emergency Ordinance 118/2021 on establishing a compensation scheme for the electricity consumption and natural gas for 2021-2022 cold season, as well as for granting facilities to individuals residing or working in certain localities in Apuseni mountains and in the Danube Delta Biosphere Reservation ("GEO 118/2021");
- (ii) the Government Emergency Ordinance 27/2022 regarding the applicable measures to final consumers of electricity and natural gas during 1 April 2022-31 March 2023 ("GEO 27/2022");
- (iii) the GEO 119/2022 for the amendment of GEO 27/2022 regarding measures applicable to final consumers on electricity and gas markets during 1 April 2022-31 March 2023 ("GEO 119/2022");
- (iv) Law 357/2022 for the approval of GEO 119/2022 ("Law 357/2022"); and
- (v) the Government Emergency Ordinance 192/2022 for the amendment of GEO 27/2022 ("GEO 192/2022").

Due to the high volatility of electricity and natural gas prices, the above enactments were issued, in stages, that led to the establishment of maximum price ceilings for types of consumers, with subsidies from the state budget of the differences up to the level of the recognized production cost, as well as the creation of the Energy Transition Fund in which the unsustainable profit margins of the electricity producers are collected by the State. These measures are limited in time until the year 2025, to be eliminated with the commissioning of a significant total power in electricity production capacities from renewable sources.

In Romania, the Group holds 4 (four) licenses for the electricity supply activity, namely:

- Premier Energy S.R.L.: Electricity Supply License no. 2149/23.05.2019
- Premier Energy Trading S.R.L.: Electricity Supply License no. 2363/07.12.2022
- True Energy Management S.R.L.: Electricity Supply License no. 2433/25.10.2023
- Alive Capital S.A.: Electricity Supply License no. 1871/13.01.2016

In addition, the Group also owns a Local Dispatching Alive Capital DLC Power Plant invested by CNTEE Transelectrica SA - UNO-DEN (National Energy Dispatching) for the operational management of dispatching power plants.



## **1. Description of the Group (continued)**

### **Regulatory environment (continued)**

#### ***B. Relevant regulations in the natural gas sector in Romania***

Among the main attributions of ANRE as a regulatory authority in Romania are the issuance / update / suspension of the licenses/authorizations required to carry out activities in the natural gas sector, monitoring the natural gas market, issuing secondary regulations (i.e. regulations, methodologies, procedures), approving tariffs regulated, as well as control activities to verify how the regulations are applied/complied.

##### ***(a) Natural gas distribution***

The Group's natural gas distribution companies (as operators) have entered into 116 service agreements for natural gas distribution with various municipalities in Romania and local authorities between 2000 and 2023. There is a particular case stipulated by the Romanian law, is the obligation to provide the public service of natural gas distribution in the localities where the license of the concessionaire distribution operator was withdrawn, by designation by the regulatory authority.

ANRE appointed the Group to ensure the operation of such distribution for two municipalities (Otopeni and Zimnicea). The main features of the service concession agreements ("SCA") include:

- The SCAs require the operator to provide exclusively a public service (gas distribution) in a defined geographical area to all household and non-household customers who meet the criteria for access to the network.
- Operators have exclusive rights in the geographical areas covered by the SCA. All natural gas distribution operators are licensed by ANRE, the regulatory body in the energy sector. Except in cases of designation, the License is granted only under the existence of SCAs.
- SCAs are concluded for a maximum period of 49 years from the date of signing the agreement, generally with the possibility of extension by half of this period only on the basis of the agreement of both parties.
- Natural gas distribution tariffs are established based on the methodology issued by ANRE. The methodology for setting natural gas distribution tariffs may be reviewed by the regulatory authority. The terms of the methodology stipulate that the operator's operating costs, capital expenditures and return on capital expenditures are recognised, which are necessary/timely/efficient and determined under market conditions. Tariffs are adjusted annually taking into account the evolution of tariff components with inflation, as well as changes in operating and capital costs. The regulated rate of return on regulated assets is currently 6.39%, applicable from 13 May 2020 to 31 December 2024.
- Operators pay an annual fee recognised in the distribution tariff, which is either a fixed annual amount or a variable amount, calculated in principle on the basis of the quantity of gas distributed. There are also particular cases where this value is calculated according to the area of land affected by the infrastructure or the profit made from the distribution activity.
- The SCAs shall initially establish a size of the gas distribution network – defined in kilometres and specifying the location area of this network as well as the minimum investment level for the construction of this network. After the completion of these obligations under SCA, the operator has additional obligations established by the Law, respectively by the conditions of validity of the license and secondary regulations in force, regarding the exploration and development of the distribution system. These obligations will be fulfilled in compliance with the performance standards of the natural gas distribution service, in conditions of safety, economic efficiency and environmental protection.

## 1. Description of the Group (continued)

### Regulatory environment (continued)

#### *B. Relevant regulations in the natural gas sector in Romania (continued)*

##### *(a) Natural gas distribution (continued)*

- The SCAs do not contain a general obligation to improve infrastructure, but the decisions in this regard are taken by the SCAs taking into account the fact that the operator is directly responsible for ensuring the service under safe, continuous and environmental protection conditions. At the same time, the operator's performance is measured only based on service indicators. If service level is not achieved, then the operator may incur penalties.
- At the end of the concession term, the grantor or another concessionaire can acquire all of the assets of the network related to the public distribution service operated by the Group in exchange for the payment of a compensation equal to the RAB value remaining, as established by ANRE.
- The SCAs do not specify the state in which the infrastructure should be handed back to the grantor and to what extent it should be upgraded. However, the status of the gas distribution network is adequate, as the operators have an obligation to provide the service in conditions of safety and ensure the supply continuity to customers.

##### *Connections to the gas distribution network*

According to the Regulation on connection to the gas grid, until 13 October 2020, connections to the gas grid were funded by the consumer in exchange for a regulated tariff (i.e. connection fee) collected by the operator. Under the terms of the gas distribution regulations, once customers have paid their connection fees, the operator became obligated to provide on-going access to the gas distribution network and to maintain/repair/replace the connection asset at its own expense. Effective 14 October 2020, the regulations required that connections to gas grid and other network assets necessary to make a connection to be funded by the distribution operator (and remunerated through increases of future tariffs), except for connections and network extensions for non-household consumers with lengths of more than 2.5 km, which are funded by the consumer. Please refer to Note 3n) for further details.

Starting March 2022, the Connection Regulation has changed, in the sense that both parties (customer and distributor) bear a part of the financing value of the connection, in what may concern the distribution system for the client. Thus, the distributor finances an amount up to the average value of a connection, namely 2,125 lei (value calculated by ANRE). The amount financed by the distributor will be included in the regulated income and recovered through the distribution tariffs, according to the provisions of the Methodology for establishing natural gas distribution tariffs, approved by ANRE Order no. 217/2018.

The distribution tariff in Romania remunerates the assets financed by the distributor. Therefore, the profit from the natural gas distribution activity increases with the growth of RAB.

- The assets made from the connection based on the requests registered until 14 October 2020, were financed by the customer, and were not included in the RAB. The costs generated by the operation/maintenance of these assets are recognized and recovered through the regulated income, but these assets do not bring profit in the natural gas distribution activity.

- The assets made from the connection based on the requests registered between 14 October 2020 and 28 February 2022, being financed by the distributor, were included in the RAB.

- The assets made from the connection based on the requests registered after 1 March 2022 are included in the RAB up to the value of 2125 Ron / record.

##### *(b) Natural gas supply*

The Group has the following natural gas supply licenses:

- Premier Energy S.R.L.: Natural Gas Supply License no. 1873/18 October 2013 valid until 18 October 2038.
- Premier Energy Trading S.R.L.: Natural Gas Supply License no. 1971/09 December 2020 valid until 31 December 2030.



## **1. Description of the Group (continued)**

### **Regulatory environment (continued)**

#### ***B. Relevant regulations in the natural gas sector in Romania (continued)***

##### ***(b) Natural gas supply (continued)***

###### ***Regulated market***

Gas supply to households was regulated by ANRE until 1 July 2020, the date from which the supply tariffs are no longer regulated. The gas supply tariffs applied by the Group to households before 1 July 2020 were calculated based on methodologies that allowed, on an annual basis, the recovery of operating costs related to the regulated activity, as well as obtaining a regulated return on capital invested and working capital. The regulated rate of return was equal to the rate applicable to gas distribution.

###### ***Competitive market***

Gas supply to industrial/business consumers, as well as gas supply tariffs to households after 1 July 2020, are negotiated with the customer, based on contracts compliant with the applicable regulations. Following the increase in electricity and gas prices in 2021 and 2022, the Romanian government re-introduced price caps for final consumers up to 31 March 2025 and, as a result, suppliers cannot issue invoices that go above such price cap. Suppliers are to be reimbursed from the State budget for the differentials between the capped regulated price and the actual market price of electricity or gas invoiced to consumers within 30 working days after claiming these reimbursements. Subsidies received from the state on the regulated capped pricing mechanism are recognized in the profit or loss account in the month of delivery of the gas. These subsidies are estimated in the month of delivery based on estimated quantities and prices and are adjusted to actual amounts when the state is approving the requests. The differences between estimates and actuals are usually immaterial and are recognized in the month when the approval of the request from the state is received.

###### ***Gas storage obligations***

The supply of natural gas to final consumers implies a legal obligation of the supplier to store natural gas. The gas storage tariffs are approved by ANRE.

###### ***Gas trading obligations***

Starting with 1 January 2019, all gas suppliers which trade gas on the wholesale market have a legal obligation, on an annual basis, to purchase at least 40% of the gas quantity from the centralized markets, and to sell at least 50% of the gas quantities delivered during the year on the centralized markets.

Starting with 1 July 2020, all gas suppliers that trade gas on the wholesale market have a legal obligation, on an annual basis, to tender on the centralised market 40% of the traded volume as seller and to tender 40% of the contracted purchase volume. The tender obligation for the purchased volume was temporarily cancelled for April till July 2022.

## **1. Description of the Group (continued)**

### **Regulatory environment (continued)**

#### **C. Relevant regulations in the electricity sector in Moldova**

The activity and tariffs for electricity distribution and supply in Moldova are regulated by the National Agency for Energy Regulation (ANRE).

The electricity distribution license is valid until 2025, and the supply license until 2028. The renewal of the licenses is done every 25 years for electricity distribution and every 10 years for electricity supply.

According to the ANRE Methodology ("the Methodology") for tariff setting, the distribution tariffs are determined by ANRE each year based on estimated costs and returns, which include operational costs, costs for purchase of electricity, costs for transportation of electricity, taxes, regulated return of the capital expenditures in the grid (regulated asset base), and regulated supply margin.

The regulated rate of return (pre-tax WACC) on the regulated asset base for 2022 was 8.29% (2021: 7.84%). The regulated rate of return applicable for 2023 has increased to 10.2% due to the increased interest rate environment.

In accordance with the Methodology, at the end of each year, ANRE recalculates the actual tariff for the distribution and supply of electricity using the actual costs and capex incurred for the respective year and the difference should be considered (added or deducted) in the tariffs set for the next year. These tariff deviations for a year are generated by the difference between the revenues billed from electricity distributed and supplied at the regulated tariffs approved by ANRE for a year and the total costs and returns for the year calculated according to the Methodology based on the actual costs and CAPEX incurred in that year. In accordance with the Methodology, an interest equal to the regulated weighted average cost of capital is applied monthly to the accumulated balance of tariff deviations. These tariff differences are to be recovered (under-recoveries) or to be returned (over-recoveries) through future increases or decreases of tariffs, respectively, and are not recognized as assets or liabilities in accordance with IFRSs.

During 2023, the tariffs were higher than actual costs, causing the business to generate more revenue and profits than the regulatory framework generally allows. On the other hand, during 2022 and 2021, the tariffs were lower than actual costs, causing the business to generate less revenue and profits than the regulatory framework generally allows.

The operator has the right to request ANRE to adjust during the year the tariff for electricity distribution and supply if the variations between actual costs and the costs used for the determination of tariff for electricity distribution and supply in that year exceed 5%. In such cases, the operator/supplier shall submit to the Agency an analysis of the influencing factors and deviations between the data applied in the calculation of tariffs and the actual data recorded, and the Agency shall, in such cases, adjust the tariffs on a half-year basis or, where appropriate, more frequently depending on the level of influence of objective factors on the tariffs.

On 8 June 2022, as a result of continued increasing energy costs and tariff deviation under-recoveries, ANRE in the Republic of Moldova approved an average 22% increase to the sale of electricity tariff for I.C.S. "PREMIER ENERGY" S.R.L. and an average 19% increase to the distribution of electricity tariff for I.C.S. "PREMIER ENERGY DISTRIBUTION" S.A. to be effective on 10 June 2022. In 2023, by the decisions of the Board of Directors of ANRE nr. 1008 dated 30 December 2022, nr.210 dated 12 April 2023, nr. 424 dated 05 July 2023, nr. 676 dated 10 November 2023 new supply and distribution tariffs were approved and are in force, both of them resulted into a decrease of electricity and distribution tariff.



## 1. Description of the Group (continued)

### Description of the Ownership Structure

The Company controls, directly or indirectly, other companies in Cyprus, Romania, Moldova, Hungary and Serbia. Subsidiary companies are controlled by the Company and they are fully consolidated.

| Consolidated subsidiaries                                 | Country of incorporation | Effective ownership interest (%) |        |        |
|-----------------------------------------------------------|--------------------------|----------------------------------|--------|--------|
|                                                           |                          | 2023                             | 2022   | 2021   |
| JOSECO HOLDINGS CO. LIMITED <sup>1)</sup>                 | Cyprus                   | 92.74                            | 92.74  | 92.74  |
| • I.C.S. "PREMIER ENERGY" S.R.L. <sup>1)</sup>            | Moldova                  | 92.74                            | 92.74  | 92.74  |
| • I.C.S. "PREMIER ENERGY DISTRIBUTION" S.A. <sup>1)</sup> | Moldova                  | 92.74                            | 92.74  | 92.74  |
| • NAVITAS ENERGY S.R.L. <sup>1)</sup>                     | Moldova                  | 92.74                            | 92.74  | 92.74  |
| • ELECTRA LOGISTICS S.R.L. <sup>1), 5)</sup>              | Moldova                  | 92.74                            | --     | --     |
| LIGATNE LIMITED <sup>2)</sup>                             | Cyprus                   | 100.00                           | 100.00 | 100.00 |
| LIGATNE GAS S.R.L. <sup>2)</sup>                          | Romania                  | 99.96                            | 99.96  | 99.96  |
| PREMIER ENERGY S.R.L. <sup>2), 3)</sup>                   | Romania                  | 99.96                            | 99.97  | 99.97  |
| • PREMIER ENERGY TRADING S.R.L. <sup>2)</sup>             | Romania                  | 99.96                            | 99.97  | 99.97  |
| • B.E.R.G Sistem Gaz S.A. <sup>2), 3)</sup>               | Romania                  | --                               | 99.97  | 99.97  |
| • B.E.R.G Instalatii Gaz S.R.L. <sup>2)</sup>             | Romania                  | 99.96                            | 99.96  | 99.96  |
| • ENERGIA MILENIULUI III S.A. <sup>2)</sup>               | Romania                  | 66.64                            | 66.65  | --     |
| • HARGAZ HARGHITA GAZ S.A. <sup>2), 4)</sup>              | Romania                  | --                               | 99.64  | --     |
| • PROGAZ P&D S.A. <sup>2)</sup>                           | Romania                  | 99.95                            | --     | --     |
| ALIVE CAPITAL S.A.                                        | Romania                  | 50.99                            | 50.99  | --     |
| • ALIVE SUN POWER ONE S.R.L.                              | Romania                  | 50.99                            | --     | --     |
| • ALIVE SUN POWER TWO S.R.L.                              | Romania                  | 50.99                            | --     | --     |
| • DA VINCI NEW PROJECT S.R.L.                             | Romania                  | 50.99                            | --     | --     |
| ECOENERGIA S.R.L.                                         | Romania                  | 80.00                            | 80.00  | --     |
| TRUE ENERGY MANAGEMENT S.R.L.                             | Romania                  | 60.00                            | 60.00  | --     |
| PREMIER ENERGY HUNGARY Kft.                               | Hungary                  | 100.00                           | 100.00 | --     |
| PREMIER RENEWABLE INVEST CO S.R.                          | Romania                  | 100.00                           | --     | --     |
| ENEX NALBANT RENEWABLE S.R.L.                             | Romania                  | 80.00                            | --     | --     |
| ALIVE CAPITAL D.O.O. Beograd                              | Serbia                   | 50.99                            | --     | --     |

<sup>1)</sup> Forms part of JOSECO HOLDINGS CO. LIMITED GROUP

<sup>2)</sup> Forms part of LIGATNE LIMITED GROUP

<sup>3)</sup> B.E.R.G Sistem Gaz S.A. was merged to PREMIER ENERGY S.R.L. with effective date 31 December 2022

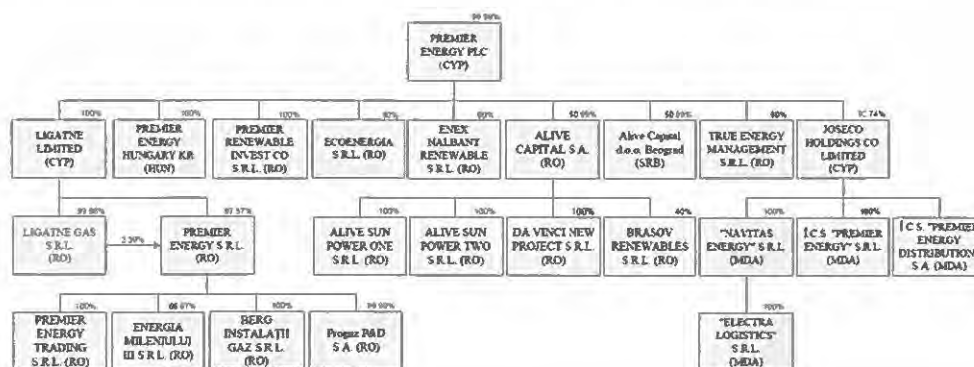
<sup>4)</sup> HARGAZ HARGHITA GAZ S.A. was merged to PREMIER ENERGY S.R.L. with effective date 30 June 2023

<sup>5)</sup> ELECTRA LOGISTICS S.R.L. was established on 11 May 2023 focusing mainly on purchase of land suitable for photovoltaic systems installation

| Equity-accounted investees (associates) | Country of incorporation | Ownership interest (%) |      |      |
|-----------------------------------------|--------------------------|------------------------|------|------|
|                                         |                          | 2023                   | 2022 | 2021 |
| BRASOV RENEWABLES S.R.L.                | Romania                  | 20.40                  | --   | --   |

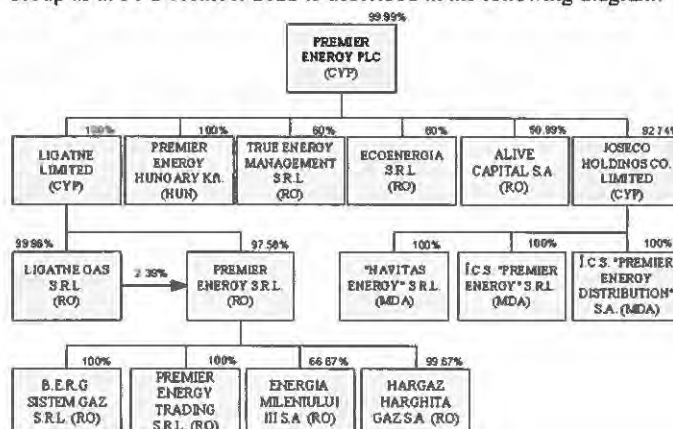
**The Group structure as at 31 December 2023**

The structure of the Group as at 31 December 2023 is described in the following diagram:



**The Group structure as at 31 December 2022**

The structure of the Group as at 31 December 2022 is described in the following diagram:





## 1. Description of the Group (continued)

### Description of the Ownership Structure (continued)

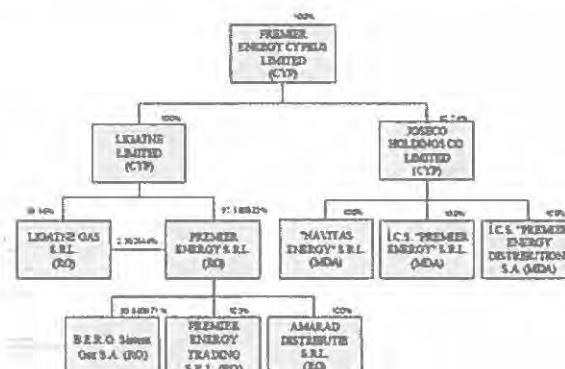
#### The Group structure as at 31 December 2021

The structure of the Group as at 31 December 2021 is described in the following diagram:



#### The Group structure as at 1 January 2021

The structure of the Group as at 1 January 2021 is described in the following diagram:



## 1. Description of the Group (continued)

### Acquisitions in 2023

On 9 January 2023, the Group acquired an 80% stake in ENEX NALBANT RENEWABLE S.R.L., a 13.75 MW wind electricity generation plant with rights to an additional 13.75 MW wind energy generation plant development near the town of Nalbant, Romania. The consideration for the percentage acquired amounted to TEUR 3,280. Total net assets with the fair value of TEUR 8,210 comprise mainly wind park assets and grid connection assets. Gain on bargain purchase in the amount of TEUR 3,288 was recognised as a result of this transaction due to a well negotiated acquisition by the management of the Group.

The fair value of the non-controlling interest was TEUR 1,642 as at the acquisition date. In addition, loans payables in the amount of TRON 35,240 (approximately TEUR 7,120) were assumed by the group from the former shareholders. On 2 March 2023, the Group received a loan in the amount of TEUR 8,900 from Vista Bank (Romania) S.A., effectively refinancing the loans assumed.

The acquisition was completed due to the Group's strategic growth initiative within the renewables electricity generation sector. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For nearly the 12 months ended 31 December 2023, the entity ENEX NALBANT RENEWABLE S.R.L. generated standalone revenue of TEUR 3,218 and a profit before tax of TEUR 1,084.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ENEX NALBANT RENEWABLE S.R.L.:

|                                                               | Note | TEUR           |
|---------------------------------------------------------------|------|----------------|
| Intangible assets                                             | 7    | 218            |
| Property, plant and equipment                                 | 8    | 19,044         |
| Trade and other receivables                                   | 10   | 96             |
| Other assets (financial and non-financial)                    | 14   | 34             |
| Deferred tax asset                                            | 21   | 35             |
| Cash and cash equivalents                                     | 9    | 4              |
| Interest-bearing loans and borrowings – non-banks             | 18   | (41)           |
| Lease liabilities                                             | 8    | (217)          |
| Other liabilities                                             | 20   | (9,044)        |
| Provisions                                                    | 17   | (319)          |
| Deferred tax liabilities                                      | 21   | (1,600)        |
| <b>Total identifiable net assets acquired</b>                 |      | <b>8,210</b>   |
| <b>Non-controlling interest (on fair value of net assets)</b> |      | <b>(1,642)</b> |
| <b>Consideration, paid in cash</b>                            |      | <b>(3,280)</b> |
| <b>Gain on bargain purchase (+)</b>                           |      | <b>3,288</b>   |
| <b>Cash effect on acquisition</b>                             |      |                |
| Consideration, paid in cash                                   |      | (3,280)        |
| Cash acquired                                                 |      | 4              |
| <b>Net cash outflow</b>                                       |      | <b>(3,276)</b> |



## 1. Description of the Group (continued)

### Acquisitions in 2023

On 30 June 2023, the Group's Alive Capital subsidiary acquired a 100% stake in the entity ALIVE SUN POWER TWO S.R.L., a company operating a 1.9 MW solar park on over 40,000 sq.m. of owned land in Urlati Commune, Prahova County, Romania, for the total purchase price of TEUR 1,710. The purchase price consists of the amount of TEUR 1,947 less the refinancing of TEUR 237 in shareholder loans provided to ALIVE SUN POWER TWO S.R.L. by the previous owners. Gain on a bargain purchase in the amount of TEUR 749 was recognized as a result of this transaction due to a well negotiated acquisition by the management of the Group.

The acquisition was completed because of its strong complementary, strategic fit within the green energy production business in Romania. The acquisition benefits from over 2,200 MWh of annual electricity production and receives 4 green certificates plus 2 deferred green certificates for each MWh of production until 2028. For the 6 months ended 31 December 2023, the entity ALIVE SUN POWER TWO S.R.L. generated standalone revenue of TEUR 314 and a profit before tax of TEUR 157. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been higher by TEUR 260 and consolidated profit would have been higher by TEUR 115.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ALIVE SUN POWER TWO S.R.L.:

|                                                   | Note | TEUR           |
|---------------------------------------------------|------|----------------|
| Property, plant and equipment                     | 8    | 2,459          |
| Green certificates                                | 15   | 534            |
| Trade and other receivables                       | 10   | 4              |
| Income tax receivable                             | 32   | 5              |
| Other assets (financial and non-financial)        | 14   | 38             |
| Cash and cash equivalents                         | 9    | 4              |
| Interest-bearing loans and borrowings – non-banks | 18   | (237)          |
| Trade and other payables                          | 19   | (14)           |
| Other liabilities                                 | 20   | (10)           |
| Current income tax liabilities                    | 32   | (1)            |
| Deferred tax liabilities                          | 21   | (323)          |
| <b>Total identifiable net assets acquired</b>     |      | <b>2,459</b>   |
| Consideration, paid in cash                       |      | (1,710)        |
| <b>Gain on bargain purchase (+)</b>               |      | <b>749</b>     |
| <b>Cash effect on acquisition</b>                 |      |                |
| Consideration, paid in cash                       |      | (1,710)        |
| Cash acquired                                     |      | 4              |
| <b>Net cash outflow</b>                           |      | <b>(1,706)</b> |

## 1. Description of the Group (continued)

### Acquisitions in 2023

On 18 July 2023 a new entity called ALIVE SUN POWER ONE S.R.L. was established as a 100% owned subsidiary of the Group's Alive Capital subsidiary. ALIVE SUN POWER ONE S.R.L. acquired through an asset transaction a 5.4 MW operational solar plant located in Valea Calugareasca Comuna, Prahova County, Romania with a normalised annual production of approximately 5,600 MWh/year. The fair value of the net assets in the total amount of TEUR 26 was acquired.

The acquisition was completed because of its strong complementary, strategic fit within the renewable energy production business in Romania. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ALIVE SUN POWER ONE S.R.L.:

|                                               | Note | TEUR        |
|-----------------------------------------------|------|-------------|
| Intangible assets                             | 7    | 82          |
| Property, plant and equipment                 | 8    | 2,831       |
| Trade and other receivables                   | 10   | 96          |
| Other liabilities                             | 20   | (2,983)     |
| <b>Total identifiable net assets acquired</b> |      | <b>26</b>   |
| Consideration, paid in cash                   |      | (26)        |
| <b>Gain on bargain purchase (+)</b>           |      | <b>--</b>   |
| <br><b>Cash effect on acquisition</b>         |      |             |
| Consideration, paid in cash                   |      | (26)        |
| Cash acquired                                 |      | --          |
| <b>Net cash outflow</b>                       |      | <b>(26)</b> |



## 1. Description of the Group (continued)

### Acquisitions in 2023

On 25 August 2023, the Company acquired a 99.99% stake in the entity PROGAZ P&D S.A., a gas distribution company with 3 concessions in Romania, including one in Berceni, for the total purchase price of TEUR 1,911. Goodwill in the amount of TEUR 1,333 was recognized as a result of this transaction.

The acquisition was completed because of the Group's strategic growth initiative within the natural gas distribution and supply business with expected synergies from combining operations of the acquiree and the acquirer. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 4 months ended 31 December 2023, the entity PROGAZ P&D S.A. generated standalone revenue of TEUR 704 and a loss before tax of TEUR 79. If the acquisition had occurred on 1 January 2023, management estimates that consolidated revenue would have been higher by TEUR 538 and consolidated profit would have been lower by TEUR 479.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of PROGAZ P&D S.A.:

|                                               | Note | TEUR           |
|-----------------------------------------------|------|----------------|
| Intangible assets                             | 7    | 262            |
| Property, plant and equipment                 | 8    | 2,129          |
| Trade and other receivables                   | 10   | 80             |
| Income tax receivable                         | 32   | 1              |
| Other assets (financial and non-financial)    | 14   | 25             |
| Inventories                                   | 11   | 22             |
| Cash and cash equivalents                     | 9    | 78             |
| Trade and other payables                      | 19   | (2,019)        |
| <b>Total identifiable net assets acquired</b> |      | <b>578</b>     |
| Consideration, paid in cash                   |      | (1,911)        |
| <b>Goodwill (-)</b>                           |      | <b>(1,333)</b> |
| <b>Cash effect on acquisition</b>             |      |                |
| Consideration, paid in cash                   |      | (1,911)        |
| Cash acquired                                 |      | 78             |
| <b>Net cash outflow</b>                       |      | <b>(1,833)</b> |

**1. Description of the Group (continued)****Acquisitions in 2023**

On 20 November 2023, the entity DA VINCI NEW PROJECT S.R.L., a 23 MW solar plant development with 4.6 MWh storage capacity and for which the company received a EUR 5.4 million government grant, was acquired with an effective Group ownership of 50.99 %. The purchase price consists of the amount of TEUR 2,541 less the outstanding shareholders loans of TEUR 141 plus the additional deferred consideration of TEUR 2,361 (the fair value of the deferred consideration as at 31 December 2023 was TEUR 1,993). Goodwill in the amount of TEUR 560 was recognized as a result of this transaction.

The acquisition was completed because of its strong complementary, strategic fit within the renewable energy production business in Romania. For the period between the acquisition date and 31 December 2023, the entity DA VINCI NEW PROJECT S.R.L. generated no standalone revenue and a loss before tax of TEUR 12.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of DA VINCI NEW PROJECT S.R.L.:

|                                                   | Note | TEUR           |
|---------------------------------------------------|------|----------------|
| Intangible assets                                 | 7    | 4,533          |
| Property, plant and equipment                     | 8    | 582            |
| Other assets (financial and non-financial)        | 14   | 5,370          |
| Cash and cash equivalents                         | 9    | 1              |
| Interest-bearing loans and borrowings – non-banks | 18   | (145)          |
| Lease liabilities                                 |      | (422)          |
| Other liabilities                                 | 20   | (5,364)        |
| Deferred tax liabilities                          | 21   | (725)          |
| <b>Total identifiable net assets acquired</b>     |      | <b>3,830</b>   |
| Consideration, paid in cash                       |      | (2,397)        |
| Consideration, deferred                           |      | (1,993)        |
| <b>Goodwill (-)</b>                               |      | <b>(560)</b>   |
| <b>Cash effect on acquisition</b>                 |      |                |
| Consideration, paid in cash                       |      | (2,397)        |
| Cash acquired                                     |      | 1              |
| <b>Net cash outflow</b>                           |      | <b>(2,396)</b> |

During 2023, subsidiaries ENERGIA MILENIULUI III S.A. and TRUE ENERGY MANAGEMENT S.R.L. increased their share capitals and share premiums. The capital contributions were subscribed to by the Group and by the non-controlling shareholders of the subsidiaries accordingly to their respective ownership interests. As a result of these transaction, non-controlling interest of ENERGIA MILENIULUI III S.A. increased by TEUR 642 and non-controlling interest of TRUE ENERGY MANAGEMENT S.R.L. increased by TEUR 647.



## 1. Description of the Group (continued)

### Acquisitions in 2022

On 20 January 2022, the Company acquired a 100% stake in the entity ECOENERGIA S.R.L., a company operating a 34.5 MW wind farm near the town of Stejaru, Romania, for the total purchase price of TEUR 3,595. The purchase price consists of the amount of TEUR 34,400 less the refinancing of TEUR 30,805 in shareholder loans provided to ECOENERGIA SRL by the previous owners. Gain on a bargain purchase in the amount of TEUR 10,843 was recognized as a result of this transaction due to a well negotiated acquisition by the management of the Group.

The acquisition was completed because of its strong complementary, strategic fit within the renewable energy production business in Romania. Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 11 months ended 31 December 2022, the entity ECOENERGIA S.R.L. generated standalone revenue of TEUR 12,612 and a profit before tax of TEUR 4,064. If the acquisition had occurred on 1 January 2022, management estimates that consolidated revenue would have been higher by TEUR 2,588 and consolidated profit would have been higher by TEUR 811.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of ECOENERGIA S.R.L.:

|                                                   | Note | TEUR          |
|---------------------------------------------------|------|---------------|
| Property, plant and equipment                     | 8    | 35,920        |
| Green certificates                                | 15   | 6,380         |
| Trade and other receivables *                     | 10   | 770           |
| Other assets (financial and non-financial)        | 14   | 944           |
| Restricted deposits                               | 12   | 269           |
| Cash and cash equivalents                         | 9    | 3,496         |
| Interest-bearing loans and borrowings – non-banks | 18   | (29,858)      |
| Trade and other payables                          | 19   | (1,435)       |
| Provisions                                        | 17   | (1,359)       |
| Deferred tax liabilities                          | 21   | (689)         |
| <b>Total identifiable net assets acquired</b>     |      | <b>14,438</b> |
| Consideration, paid in cash                       |      | (3,595)       |
| <b>Gain on bargain purchase (+)</b>               |      | <b>10,843</b> |
| <b>Cash effect on acquisition</b>                 |      |               |
| Consideration, paid in cash                       |      | (3,595)       |
| Cash acquired                                     |      | 3,496         |
| <b>Net cash outflow</b>                           |      | <b>(99)</b>   |

\* The gross value of the receivables acquired is the same as the fair value (TEUR 770) and the Group expects the full recovery of the amount.

On 2 September 2022, a 20% stake in ECOENERGIA SRL was sold to Alive Energy SRL, a related party to the non-controlling shareholder of ALIVE CAPITAL S.A., for TEUR 1,660. As a result of this transaction, non-controlling interest of ECOENERGIA SRL in the amount of TEUR 3,470 was recognised.

## 1. Description of the Group (continued)

### Acquisitions in 2022 (continued)

On 24 February 2022, the Group acquired a 51% stake in the entity ALIVE CAPITAL S.A., a company that provides integrated asset management services to renewable energy producers in Romania (managing 450 MW of renewable production in 2022 and growing to over 720 MW in 2023) while also having a sale of electricity division. The purchase price for the stake acquired by the Group was TEUR 9,384. Goodwill in the amount of TEUR 7,562 was recognized. The acquisition was completed due to the Group's strategic growth initiative within the renewable electricity generation and supply business with expected synergies from combining operations of the acquiree and the acquirer.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 10 months ended 31 December 2022, the entity ALIVE CAPITAL S.A. contributed revenue of TEUR 159.028 and profit before tax of TEUR 71,765 to the Group's results.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of ALIVE CAPITAL S.A.:

|                                                               | Note | TEUR           |
|---------------------------------------------------------------|------|----------------|
| Intangible assets                                             | 7    | 13,701         |
| Property, plant and equipment                                 | 8    | 526            |
| Loans provided                                                | 13   | 88             |
| Trade and other receivables *                                 | 10   | 4,176          |
| Income tax receivable                                         | 32   | 232            |
| Other assets (financial and non-financial)                    | 14   | 3,152          |
| Restricted deposits                                           | 12   | 2,364          |
| Inventories                                                   | 11   | 5              |
| Cash and cash equivalents                                     | 9    | 3,795          |
| Interest-bearing loans and borrowings – non-banks             | 18   | (7,117)        |
| Trade and other payables                                      | 19   | (9,850)        |
| Bonds issued                                                  | 18   | (2,021)        |
| Financial liabilities - other items                           | 20   | (10)           |
| Other liabilities                                             | 20   | (4,560)        |
| Deferred tax liabilities                                      | 21   | (908)          |
| <b>Total identifiable net assets acquired</b>                 |      | <b>3,573</b>   |
| <b>Non-controlling interest (on fair value of net assets)</b> |      | <b>(1,751)</b> |
| <b>Consideration, paid in cash</b>                            |      | <b>(9,384)</b> |
| <b>Goodwill (-)</b>                                           |      | <b>(7,562)</b> |
| <br><b>Cash effect on acquisition</b>                         |      |                |
| Consideration, paid in cash                                   |      | (9,384)        |
| Cash acquired                                                 |      | 3,795          |
| <b>Net cash outflow</b>                                       |      | <b>(5,589)</b> |

\* Gross amount of trade receivables acquired amounted to TEUR 6,537, whereas the fair value of these receivables amounted to TEUR 4,176 and the best estimate of the cash not expected to be collected amounted to TEUR 2,361.

On 22 July 2022, ALIVE CAPITAL S.A. increased its share capital from RON 100,000 to RON 100,000.1. The amount of RON 0.1 contributed to share capital and related contribution to share premium of RON 10,377.452 was subscribed to by the non-controlling shareholder of the subsidiary, thereby reducing the ownership interest of the Group from 51% to 50.99%. As a result of this transaction, non-controlling interest of the entity increased by TEUR 1.031 and the equity attributable to the owners of the Group increased by TEUR 1.074.



## 1. Description of the Group (continued)

### Acquisitions in 2022 (continued)

On 31 May 2022 and on 2 June 2022, PREMIER ENERGY S.R.L. signed 2 separate Stock Purchase Agreements to acquire a combined stake of 66.67% of ENERGIA MILENIULUI III S.A., a company developing a 99 MW wind plant project near the town of Razboieni, Romania, for TEUR 4,175. In addition, loans payable in the amount of TEUR 2,825 were assumed by the group from the former shareholders. The closing of the acquisition occurred on 14 June 2022. Goodwill in the total amount of TEUR 1,986 was recognized as a result of this transaction due to expected synergies from combining operations of the acquiree and the acquirer. The acquisition was completed due to the Group's strategic growth initiative within the renewables electricity generation sector.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 7 months ended 31 December 2022, the entity ENERGIA MILENIULUI III S.A. contributed revenue of TEUR 0 and loss of TEUR 101 to the Group's results.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of ENERGIA MILENIULUI III S.A.:

|                                                               | Note | TEUR           |
|---------------------------------------------------------------|------|----------------|
| Intangible assets                                             | 7    | 7,486          |
| Property, plant and equipment                                 | 8    | 2,316          |
| Other assets (financial and non-financial)                    | 14   | 154            |
| Cash and cash equivalents                                     | 9    | 1              |
| Interest-bearing loans and borrowings – non-banks             | 18   | (3,849)        |
| Lease liabilities                                             | 8    | (2,316)        |
| Trade and other payables                                      | 19   | (510)          |
| <b>Total identifiable net assets acquired</b>                 |      | <b>3,282</b>   |
| <b>Non-controlling interest (on fair value of net assets)</b> |      | <b>(1,093)</b> |
| Consideration, paid in cash                                   |      | (675)          |
| Consideration, deferred                                       |      | (3,500)        |
| <b>Consideration, total</b>                                   |      | <b>(4,175)</b> |
| <b>Goodwill (-)</b>                                           |      | <b>(1,986)</b> |
| <b>Cash effect on acquisition</b>                             |      |                |
| Consideration, paid in cash                                   |      | (675)          |
| Cash acquired                                                 |      | 1              |
| <b>Net cash outflow</b>                                       |      | <b>(674)</b>   |

## 1. Description of the Group (continued)

### Acquisitions in 2022 (continued)

On 2 September 2022, PREMIER ENERGY S.R.L. purchased 99.67% in HARGAZ HARGHITA GAZ S.A., a natural gas distribution and supply company in Harghita county in Romania, for the total purchase price TEUR 2,750. Goodwill in the total amount of TEUR 250 was recognized as a result of this transaction. The acquisition was completed due to the Group's strategic growth initiative within the gas distribution and supply business with expected synergies from combining operations of the acquiree and the acquirer.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 4 months ended 31 December 2022, the entity HARGAZ HARGHITA GAZ S.A. contributed revenue of TEUR 0 and profit before tax of TEUR 11 to the Group's results.

The following table summarises the recognised amounts of assets acquired, and liabilities assumed at the date of acquisition of HARGAZ HARGHITA GAZ S.A.:

|                                                               | Note | TEUR           |
|---------------------------------------------------------------|------|----------------|
| Property, plant and equipment                                 | 8    | 2,427          |
| Trade and other receivables *                                 | 10   | 131            |
| Income tax receivable                                         | 32   | 16             |
| Cash and cash equivalents                                     | 9    | 158            |
| Trade and other payables                                      | 19   | (169)          |
| Provisions                                                    | 17   | (55)           |
| <b>Total identifiable net assets acquired</b>                 |      | <b>2,508</b>   |
| <b>Non-controlling interest (on fair value of net assets)</b> |      | <b>(8)</b>     |
| <b>Consideration, paid in cash</b>                            |      | <b>(2,750)</b> |
| <b>Goodwill (-)</b>                                           |      | <b>(250)</b>   |
| <br><b>Cash effect on acquisition</b>                         |      |                |
| Consideration, paid in cash                                   |      | (2,750)        |
| Cash acquired                                                 |      | 158            |
| <b>Net cash outflow</b>                                       |      | <b>(2,592)</b> |

\* Gross amount of trade receivables acquired amounted to TEUR 127, whereas the fair value of these receivables amounted to TEUR 131, and the Group expects the full recovery of the amount.

On 13 October 2022, the company PREMIER ENERGY HUNGARY Kft. was incorporated by PREMIER ENERGY PLC.



## 1. Description of the Group (continued)

### Acquisitions in 2022 (continued)

As at 17 October 2022, the Group acquired a 60% share in TRUE ENERGY MANAGEMENT S.R.L., the owner at that time of an inoperable cogeneration plant requiring refurbishing located in the city of Fagaras, Romania, for a total purchase price of TEUR 2,700. The acquisition was completed due to the Group's strategic growth initiative within the renewable electricity generation sector. In 2023 the Group refurbished the plant and it is now fully operational. The transaction was treated as an asset deal and therefore no goodwill or gain on bargain purchase was recognised.

Total acquisition-related costs were immaterial and are recognised within the line Services and material expenses, in the profit or loss. For the 2 months ended 31 December 2022, the entity TRUE ENERGY MANAGEMENT S.R.L contributed revenue of TEUR 0 and loss of TEUR 49 to the Group's results.

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition of TRUE ENERGY MANAGEMENT S.R.L.:

|                                                               | Note | TEUR           |
|---------------------------------------------------------------|------|----------------|
| Property, plant and equipment                                 | 8    | 8,426          |
| Other assets (financial and non-financial)                    | 14   | 747            |
| Cash and cash equivalents                                     | 9    | 22             |
| Interest-bearing loans and borrowings – non-banks             | 18   | (4,693)        |
| Other liabilities                                             | 20   | (2)            |
| <b>Total identifiable net assets acquired</b>                 |      | <b>4,500</b>   |
| <b>Non-controlling interest (on fair value of net assets)</b> |      | <b>(1,800)</b> |
| <b>Consideration, paid in cash</b>                            |      | <b>(2,700)</b> |
| <b>Goodwill</b>                                               |      | <b>--</b>      |
| <b>Cash effect on acquisition</b>                             |      |                |
| Consideration, paid in cash                                   |      | (2,700)        |
| Cash acquired                                                 |      | 22             |
| <b>Net cash outflow</b>                                       |      | <b>(2,678)</b> |

As at 5 September 2022, PREMIER ENERGY S.R.L. purchased an additional share of 0.32% and increased its holding in B.E.R.G. Sistem Gaz S.A. to 100% for the consideration of TEUR 0.9.

## 1. Description of the Group (continued)

### Acquisitions in 2021

On 15 May 2021, the Company's subsidiary PREMIER ENERGY S.R.L. acquired certain tangible assets and property, plant and equipment, which comprised of natural gas pipes and connections, and assumed the rights and obligations attributable to 2 natural gas infrastructure concession arrangements in the towns of Matca and Ivesti in the county of Galati, Romania, for the aggregate consideration of TEUR 283. The natural gas infrastructure assets related to both distribution and supply operations of Vega 93 S.R.L., an entity in judicial reorganization, were acquired via a bidding process within the Romanian insolvency process. This was also one of the reasons for the transaction resulting in a gain on bargain purchase of TEUR 1,205. The acquisition was completed because of its strong complementary, strategic fit within the natural gas distribution and supply business in Romania.

As part of the acquisition, the majority of the employees working on the natural gas infrastructure assets became employees of PREMIER ENERGY S.R.L. Along with these employees, the daily operational processes were also transferred and integrated into PREMIER ENERGY S.R.L.'s own processes, making them an integral part of PREMIER ENERGY S.R.L.'s natural gas infrastructure operations. Acquisition related cost was not significant and are recognized within the line, Services and material expenses, in profit or loss.

The following table summarises the recognised amounts of assets acquired under the business definition in accordance with IFRS 3 as of the date of acquisition:

|                                               | Note | TEUR         |
|-----------------------------------------------|------|--------------|
| Property, plant and equipment                 | 8    | 1,488        |
| <b>Total identifiable net assets acquired</b> |      | <b>1,488</b> |
| Consideration, paid in cash                   |      | (283)        |
| <b>Gain on bargain purchase</b>               |      | <b>1,205</b> |
| <br><b>Cash effect on acquisition</b>         |      |              |
| Consideration, paid in cash                   |      | (283)        |
| Cash (acquired)                               |      | --           |
| <b>Net cash outflow</b>                       |      | <b>(283)</b> |



## 2. Basis of preparation

In accordance with the requirements of the EU Prospectus Directive, we have prepared these special purpose consolidated financial statements solely for inclusion in the Initial Public Offering application of the Company's shares on the Bucharest Stock Exchange in Romania. The special purpose consolidated financial statements for the years ended 31 December 2023, 31 December 2022 and 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group").

### a) Statement of compliance

These special purpose consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The main purpose of preparing these Special Purpose Consolidated Financial Statements is to provide comprehensive financial information about the Group, which assists with its financing needs and reporting requirements as well as in potentially concluding capital markets transactions in the future. These are not the Company's statutory financial statements.

### b) Basis of measurement

These special purpose consolidated financial statements have been prepared under the historical cost convention basis, except in the case of gas distribution networks (classified as property, plant and equipment) and financial instruments at fair value through profit or loss, including derivatives financial instruments, which are stated at their fair value. Financial assets and liabilities and non-financial assets and liabilities, which are valued at historical cost are stated at amortised cost or historical cost, as appropriate, net of any relevant impairment.

### c) Presentation and functional currency

The special purpose consolidated financial statements are presented in Euro (EUR), which is the Company's functional currency and Group's presentation currency. The functional currency of the Romanian entities is the Romanian Leu, for the Moldovan entities is the Moldovan Leu, for the Hungarian entity is the Hungarian forint, for the Serbian entity is the Serbian denar and for the Cypriot entities is the Euro. Financial information presented in EUR has been rounded to the nearest thousand (TEUR). Please refer to accounting policy 3(a) for further details.

The following exchange rates were used during translations:

| Date             | Closing exchange rate MDL/EUR | Average exchange rate MDL/EUR<br>for the 12-month period |
|------------------|-------------------------------|----------------------------------------------------------|
| 31 December 2023 | 19.3574                       | 19.6431                                                  |
| 31 December 2022 | 20.3792                       | 19.8982                                                  |
| 31 December 2021 | 20.0938                       | 20.9255                                                  |

| Date             | Closing exchange rate RON/EUR | Average exchange rate RON/EUR<br>for the 12-month period |
|------------------|-------------------------------|----------------------------------------------------------|
| 31 December 2023 | 4.9756                        | 4.9467                                                   |
| 31 December 2022 | 4.9495                        | 4.9313                                                   |
| 31 December 2021 | 4.9480                        | 4.9210                                                   |

| Date             | Closing exchange rate HUF/EUR | Average exchange rate HUF/EUR<br>for the 12-month period |
|------------------|-------------------------------|----------------------------------------------------------|
| 31 December 2022 | 430.65                        | 408.81                                                   |
| 31 December 2023 | 382.8                         | 381.85                                                   |

| Date             | Closing exchange rate RSD/EUR | Average exchange rate RSD/EUR<br>for the 12-month period |
|------------------|-------------------------------|----------------------------------------------------------|
| 31 December 2023 | 117.174                       | 117.245                                                  |

## **2. Basis of preparation (continued)**

### **d) Use of estimates and judgements**

The preparation of the special purpose consolidated financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

Information about judgements made in applying accounting policies that have the most significant effects on the amount recognised in the financial statements is included in the following notes:

- Note 7: impairment test of goodwill and fixed assets;
- Note 8: determining the fair value of gas distribution network on the basis of significant unobservable inputs;
- Note 25: own use exemption application for forward contracts.

### **Assumption and estimation uncertainties**

- The Group concludes Purchase Power Agreements with renewable energy producers, covering all type of renewable energy from solar, wind, mycrohidro and biomass. These contracts typically cover the whole production capacity of the assets for a predetermined period (1 to 3 years), with the electricity being paid as produced, in exchange for a price either fixed, as the majority of the contracts, or pre-determined % of market price;
- The Group is facing the risk of imbalances from these contracts, resulting from the inherent nature of the green energy production, which cannot be exactly predicted due to variable weather conditions and other external factors. As a result of these imbalances the Group needs to sell the excess of energy supplied on a Day Ahead Market ("DAM") at the moment of the delivery, for the market price prevailing at the moment of the sale. As such, the timing and price of these sales is not under control of the Group and does not represent an intentional trading to benefit from short term market price fluctuations. In these situations the market price is typically lower in comparison to price obtained from end customer since also other market participants are hit by the same external factors leading to sales of excess supply. In addition, to achieve balance between portfolio of bilateral contracts, consumption forecast and availability of generation units at hourly level for the delivery day, the Group can also be in a position to buy the energy, usually, at a higher price per MWh, as these purchases occur in the moment when the market is short on energy;
- The Group constantly monitors, on monthly averages, the volume of these sales in comparison to total sales in order to reassess that these are not significant and are still consistent with the own use exemptions. In addition to this the Group monitors the impact of these sales on the profit or loss. In 2022 and 2023 both volume of sales and impact on the profit or loss were assessed as not significant and consistent with own use intention. The Group is actively managing the risk of imbalances mainly by structure of contracts concluded with renewable energy producers and continuous improvement of predictive capacity based on data collected from the suppliers;
- The Group considers transactions entered into with the aim of balancing electricity amounts purchased and sold to be part of an integrated energy group's ordinary activities; therefore, such contracts are not within the scope of IFRS 9;
- The Group is facing a risk of potential future more significant sales of excess supplies due to unpredictable external factors linked mainly to weather conditions and will continuously assess the appropriate classification of these contracts to identify cases where own use intention can no longer be sustained.



## **2. Basis of preparation (continued)**

### **d) Use of estimates and judgements (continued)**

#### **Fair values of financial instruments and non-financial assets**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Board of Directors.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities,
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices),
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. For the information on fair value determination of gas distribution networks refer to Note 8 Property, plant and equipment.

## **2. Basis of preparation (continued)**

### **e) Basis of consolidation**

The Group special purpose consolidated financial statements comprise the financial statements of the parent company PREMIER ENERGY PLC and the financial statements of its subsidiaries and the Group's interest in associates, as stated in Note 1. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

### **f) Subsidiaries**

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

### **g) Interest in equity-accounted investees**

Associates are enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The special purpose consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. Under equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of the associate.

### **h) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in the special purpose consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### **i) Changes in the Company's ownership interests in existing subsidiaries**

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.



## **2. Basis of preparation (continued)**

### **j) Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are always recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities are recognized and measured in accordance with IAS 12 Income Taxes; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### **3. Material accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these special purpose consolidated financial statements and in stating the financial position of the Group. The accounting policies have been consistently applied by all Group entities.

#### **a) Foreign currency**

##### **(i) Foreign currency transactions**

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. Transactions in foreign currencies are translated into the respective currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date on which the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are retranslated using the exchange rate ruling at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the differences arising on the retranslation of equity investments designed at FVOCI which are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

##### **(ii) Financial information of foreign operations**

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR, the Group's presentation currency, at exchange rates ruling at the reporting date. Income and expenses of foreign operations, are translated to EUR at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences arising on translation to presentation currency are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of so that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

#### **b) Cash and cash equivalents**

The Group considers cash in hand, unrestricted balances with banks and other financial institutions due within one month to be cash and cash equivalents. Cash equivalents are short-term, highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



### **3. Material accounting policies (continued)**

#### **c) Financial assets and liabilities**

##### **(i) Classification**

##### **Financial assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

##### **Financial liabilities**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for trading, it is a derivative or it is designed as such on initial recognition.

##### **(ii) Recognition**

Trade receivables and debt securities issued are initially recognised in the statement of financial position when they are originated. All other financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

##### **(iii) Measurement**

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Dividend are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.



### **3. Material accounting policies (continued)**

#### **c) Financial assets and liabilities (continued)**

##### **(iii) Measurement (continued)**

Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

##### **(iv) Fair value measurement**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Group determines fair values using valuation techniques.

Valuation techniques include net present value and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

##### **(v) Amortised cost measurement principles**

The amortised cost of a financial asset or liability is the amount in which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest rate method of any difference between the initial amount recognised and the maturity amount, net of any relevant impairment.

##### **(vi) Gains and losses on subsequent measurement**

Gains and losses on financial instruments classified at fair value through profit or loss are recognised in profit or loss. Gains and losses on FVOCI financial assets are recognised in other comprehensive income (including for impairment losses but except foreign exchange gains and losses) until the asset is derecognised, at which time the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

For financial assets and liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or liability is derecognised or impaired, and through the amortisation process.



### 3. Material accounting policies (continued)

#### c) Financial assets and liabilities (continued)

##### (vii) *Identification and measurement of expected credit losses*

The Group has developed a provisioning policy, which describes in detail the procedures and methodology of the expected credit losses measurement, and a write-off policy. The expected credit losses measurement is dealt with as follows:

The Group uses for the recognition and measurement of expected credit losses of financial assets measured at amortised costs and debt investments measured at FVOCI the “expected credit loss” model (ECLs).

The Group measures loss allowance at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to the lifetime ECLs.

The Group assesses at each reporting date whether there is objective evidence that financial assets carried at amortised costs and debt securities at FVOCI are credit impaired. Financial assets are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

##### Applicable for trade receivables

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group limits its exposure to credit risk from trade receivables by establishing a payment period between 30 to 60 days.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the trade or other receivable is more than 180 days past due.

##### Applicable for financial assets at amortised cost (other than trade receivables):

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group’s historical experience and informed credit assessment and including forward-looking information.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the receivable is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.



### **3. Material accounting policies (continued)**

#### **c) Financial assets and liabilities (continued)**

##### **(vii) Identification and measurement of expected credit losses (continued)**

In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgement to estimate the amount of any credit impairment loss.

All impairment losses in respect of financial assets are recognised in profit or loss and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of amortisation, if no impairment loss had been recognised.

##### **(viii) Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The Group also derecognised a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

##### **(ix) Offsetting**

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

##### **(x) Write-off**

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group has a policy of writing off the gross carrying amount when the financial asset is 3 years past due based on historical experience of recoveries of similar assets. However, in cases where the Group has taken actions in order to recover the amounts, or the customer is in insolvency or in a bankruptcy process, the Group does not proceed with any write off until the procedures are finalised. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.



### **3. Material accounting policies (continued)**

#### **c) Financial assets and liabilities (continued)**

##### **(xi) Derivative financial instruments**

A contract to buy or sell a non-financial item may be required to be accounted for as a derivative, even though the non-financial item itself falls outside the scope of the financial instruments standards. Non-financial items may include various items, such as gas and electricity. If contracts to buy or sell non-financial items can be settled net in cash or another financial instrument, including if the non-financial item is readily convertible into cash, then they are generally included in the scope of the financial instruments standards.

There is an exception to the above scope inclusion for contracts that are entered into and continue to be held for the receipt or delivery of a non-financial item in accordance with the entity's expected purchase, sale or usage requirements (the 'normal sales and purchases' or 'own-use' exemption).

The commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of non-financial items in accordance with the Group's expected purchase, sale or usage requirements are not accounted for as derivative financial instruments, but rather as executory contracts and they fall under own use exemption. The Group enters into renewable electricity forward contracts with physical delivery, creating links within the value chain for the commodity, purchasing the contracted volume from suppliers with the purpose to physically deliver the commodity to the customers. The Group does not have a practice of settling similar contracts net in cash or another financial instrument or by exchanging financial instrument. The Group constantly monitors the sales made from these contracts on the DAM (Day Ahead Market) and/or BRM (Romanian Commodity Exchange) due to imbalances between gas or electricity supplied vs. demand from customers at the moment of delivery and reassesses whether the own use exemption is applicable for such contracts. The Group does not have a practice of taking delivery of the underlying and selling it within a short period after delivery for the purpose of generating a profit from short-term fluctuation in price or dealer's margin.

Gas forward contracts that do not meet the definition of own use exemptions are accounted for as financial derivatives. Such contracts were recognised only in 2022.

#### **d) Intangible assets**

##### **Goodwill and gain on bargain purchase**

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less accumulated impairment losses (refer to Note 7).

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

##### **Software and other intangible assets**

Software and other intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over their estimated useful lives (1 - 3 years), from the date that they are available for use. Amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

### 3. Material accounting policies (continued)

#### e) Property, plant and equipment

Property, plant and equipment comprise the electricity distribution network, the gas distribution network, other constructions for materials storage purposes, technical equipment and cars, furniture and office equipment as well as assets in the course of construction.

#### Recognition and measurement

Electricity and gas distribution network and other plant and equipment are recorded initially at cost less accumulated depreciation and accumulated impairment losses.

The cost of a property, plant and equipment includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

When significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Gas distribution networks are subsequently measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

#### Depreciation

Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated economic useful lives, as follows:

|                                  | <u>Years</u> |
|----------------------------------|--------------|
| Gas distribution network         | 29-49        |
| Administrative Buildings         | 40-70        |
| Wind and Solar operational parks | 25-30        |
| Operational Buildings            | 40-60        |
| Electricity lines                | 35-45        |
| Electro-energetic equipment      | 15-25        |
| Other equipment                  | 3-12         |
| Meters                           | 18           |
| Cars                             | 7-10         |
| Specialized vehicles             | 10           |
| Other tangible assets            | 7 - 10       |

Land is not depreciated.



### **3. Material accounting policies (continued)**

#### **e) Property, plant and equipment (continued)**

##### **Depreciation (continued)**

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. For further information, please refer to Note 3(g).

The depreciation and impairment losses are charged to profit or loss.

##### **Disposal**

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in "Other expenses" line when the asset is derecognized.

#### **f) Leases – the entity acting as a lessee**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration.

The Group acting as a lessee recognizes a right-of-use asset and the related lease liability in the statement of financial position with the following exceptions:

- the lease term does not exceed 12 months or;
- the underlying asset has a low value.

##### **Right-of-use asset**

At the commencement date, a right-of-use asset is measured at cost which comprises:

- the amount of the initial measurement of the lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs incurred by the lessee,
- an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset.

### **3. Material accounting policies (continued)**

#### **f) Leases – the entity acting as a lessee (continued)**

##### **Right-of-use asset (continued)**

A right-of-use asset is recognized in the statement of financial position in line. Property, plant and equipment, and is depreciated over the shorter of economic useful life of the underlying asset or the lease term. The related depreciation is recognized in the profit or loss in line. Depreciation and amortization.

##### **Lease liability**

At the commencement date, a lease liability is initially measured at the present value of the lease payments, which are not paid at that date. The lease payments are discounted using an interest rate which a lessee would have to pay, if a lessee borrowed cash to acquire the underlying asset taking into consideration the terms relating to a lease (i.e. lease/loan term, amount of loans, etc.).

Subsequently, the lease liability is remeasured when there is a change in its future lease payments (e.g. due to a change in an assessment whether and when it will exercise extension or termination option). When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the income statement if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is recognized in the statement of financial position and included in line. Lease liabilities.

Interest expense on lease liability is recognized in profit or loss and included in line. Finance expense, using the effective interest rate.

#### **g) Impairment for non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs (cash generating units). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### **h) Inventories**

Inventories consist mainly of: gas pipes, gas meters, regulators, fittings and other materials and consumables used for constructing connections, utility installations and gas network extensions. These materials are recorded in inventories when purchased and then expensed as appropriate, when consumed.

Inventories are measured at the lower of cost and net realizable value. The valuation method of inventories is the weighted average cost.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Where necessary, an allowance is made for slow moving and obsolete inventories in order to arrive at the net realizable value. Obsolete or defective inventories are provided for in full or written-off.

The value of the gas inventories (gas stored in underground facilities operated by third parties) includes only the gas molecule, as provided on the invoice.



### **3. Material accounting policies (continued)**

#### **i) Green certificates**

Green certificates are received by the Group based on the production levels of its renewable electricity generation assets in Romania. Green certificates are recognized at fair value when the wind producer is entitled to receive them. The deferred green certificates existing in the opening balance at the acquisition date were measured at fair value at the business combination date (refer to note 3 (n) for the revenues).

The cost of green certificates is based on the first-in-first-out acquisition cost principle.

Green certificates are presented separately in the statement of financial position as they are received and held for sale in the ordinary course of business of the Group.

#### **j) Equity**

##### ***Share capital***

Share capital represents the nominal value of shares issued by the Company. To the extent such shares remain unpaid as of the end of the reporting period a corresponding receivable is presented in other assets.

##### ***Share premium***

Share premium can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

##### ***Dividends***

Dividends on share capital are recognised as a liability provided, they are approved by the shareholders. Dividends distributions to the Company's shareholders are recognised in the Group's financial statements in the year in which they are approved. Dividends declared after the end of the reporting period are not recognised as a liability but are disclosed in the notes.

##### ***Non-controlling interests***

Non-controlling interests consist of the minority shareholders' proportion of the fair values of a subsidiary's net assets, at the date of the original combination, plus or minus their share of changes in the subsidiary's equity since that date.

##### ***Translation reserve***

The translation reserve includes exchange differences relating to the translation of the results and net assets of the Group's foreign operations from functional to the Group's presentation currency. Exchange differences previously accumulated in the translation reserves are reclassified to profit or loss on the disposal of the foreign assets and operations.

##### ***Legal reserve***

The legal reserve represents the amount required by the states in which the Company's subsidiaries operate to protect companies themselves against future financial losses.

#### **k) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

#### **l) Deferred income**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

#### **m) Related parties**

Parties are considered related when one party, either through ownership, contractual rights, family relationship or otherwise, has the ability to directly or indirectly control, significantly influence or jointly control the other party. Related parties include both other entities and natural persons, such as shareholders that have control or a significant influence, members of the Group's key personnel and close members of their families.

### **3. Material accounting policies (continued)**

#### **n) Revenues**

In accordance with IFRS 15, the Group has adopted a five-step model to determine when to recognize revenue and at what amount. The model specifies that revenue should be recognized when (or as) the Group transfers control of goods or services to a customer for the amount which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognized:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

#### **Revenues from renewable energy and green certificates**

##### ***Production and sale of renewable energy in Romania and green certificates***

According to the regulations in force, the producers of certain electricity from renewable sources benefit from green certificates for each MWh produced and delivered to the national energy system.

The transport and system operator, Transelectrica, sends to the Group, monthly, the number and series of green certificates allocated, corresponding to the production of electricity delivered in the national energy system. The green certificates can be traded on the OPCOM spot market, at term or combined markets. The sale price must fall between the minimum and maximum values established by Law no. 220/2008 for the establishment of the system for promoting the production of electricity from renewable energy sources, republished, with subsequent changes.

As a producer of electricity from renewable sources (solar and wind), the Company receives green certificates through the support scheme established by Law no. 220/2008. Each renewable production has its own scheme support, considering the type and source of the production as well as the year it was in operation.

The Group sells green certificates on the spot and in the combined market. The customers obtain control over the green certificates when the transaction is recorded by market operator in its electronic register. In case of the spot market, the invoices are issued on the transaction date and the payment term is within 3 financial days. In case of combined market, the green certificates invoices are issued in 20 days and have a payment term of 5 financial days. Revenue is recognized at a specific point in time, when the control over the green certificates is transferred.

The group sells part of the renewable electricity based on forward contracts with electricity suppliers and traders as well as on the spot market (day-ahead market) to the market operator (OPCOM). Invoices are issued at the end of the month, during the delivery month or at the beginning of the next month for the electricity delivered in the current month. The payment term is depending on the individual agreement concluded with the counterparty (i.e. before the delivery month, during the delivery month or the following month of the delivery).

Revenue is recognized over time because the customer receives and consumes simultaneously the benefits as the Group delivers electricity. The production and consumption of electricity are simultaneous because electricity is not stored. Advance payments received from customers for future energy sales of electricity are recognized as liabilities related to contracts with clients.



### **3. Material accounting policies (continued)**

#### **n) Revenues (continued)**

##### **Revenues from the sale and distribution of natural gas**

###### ***Supply and distribution of natural gas***

Invoices for natural gas supply are issued monthly based on meter readings and based on estimates of natural gas delivered for which no readings have been made, communicated by the distribution operators.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers gas.

Advance payments received from customers for future gas sales are recognized as contract liabilities.

Revenues related to supply of gas to final consumers include transportation tariffs. These services are provided by the gas transportation operators. The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal. The Group, therefore, recognizes revenue as it provides natural gas transportation services to the users of its infrastructure (the consumers) with the delivery of each unit of gas delivered. Revenue is measured based on the volume of gas delivered to the customer during the reporting period at the regulatory tariff.

Maintenance services is not considered as a separate performance obligation. Regular or routine repair and maintenance activities are necessary activities to be able to operate the existing infrastructure over the period of the concession arrangement and are considered part of the operation services for which the users of the infrastructure are the customers.

However, major maintenance services (e.g. replacement of significant infrastructure assets/components when needed) are treated and accounted for similarly to grid upgrade/expansion construction services based on the manner of compensation for these activities for regulatory revenue purposes (included in the regulated asset based and remunerated with the regulated rate of return).

###### ***Construction revenue***

Revenues from sale and distribution of natural gas also include construction-related revenue earned based on grid construction, upgrades and expansions. The construction of the initial network revenue and network upgrade/expansion construction revenue are accounted for in accordance with IFRS 15.

### **3. Material accounting policies (continued)**

#### **n) Revenues (continued)**

##### **Revenues from the sale and distribution of natural gas (continued)**

###### ***Supply and distribution of natural gas (continued)***

###### ***Construction revenue (continued)***

A cash advance is sometimes invoiced and received at the beginning of the construction contract. The Group recognizes a contract liability for any advance received at the beginning of the contract, which is offset against construction services rendered.

Users may also incur part of the costs of extension of the network based on contracts signed between the users and the Group, which stipulate the value of the extension works that will be reimbursed to the operator by the user.

The contracts stipulate that the co-financing by the user of the construction works does not transfer any right to the user in relation to the grid or provide access to gas supply; however, the network extension is a pre-requisite of connection to the gas distribution network, which would otherwise not reach the customer's location.

The incentive for the users to co-finance the extension of the network arises from the Group's right under the applicable legislation at that time to refuse a connection if the technical solution was not economically feasible. In such case, the network was constructed, and the cost was borne by the user at the user's request.

The contractual relationship between the end user and the Group starts at signoff of the construction contract under co-financing conditions and ends when the network segment is constructed. Later, a connection contract is to be concluded by the end-user(s) with the Group for getting access to the gas network.

The amounts for such projects that are paid for by the users are not included in the regulated asset base (RAB) or the OPEX used in the tariff setting mechanism (i.e. they are not remunerated to the operator through the distribution tariff).

The Group determined that the accounting treatment in respect of connection fees above also applies to the case of user co-financing arrangements, as it determines appropriate to combine the user co-financing contract with the gas distribution contract under IFRS 15, because by agreeing to pay for the network extension, the user obtains an unconditional right to require connection to the network once the extension is completed.

###### ***Gas sale-purchase contracts***

In the normal course of business, the Company concludes gas sale-purchase contracts on the centralized markets operated by Romanian Energy Market Operator (OPCOM) or Romanian Commodities Exchange (BRM) or negotiated contracts concluded outside the centralized platforms, as follows:

- spot contracts: sale or buy contracts concluded on OPCOM's day-ahead and intra-day markets, and BRM's spot market and balancing market (the latter refers to transactions with Transgaz, the Romanian transportation system operator);
- sale or buy forward contracts on centralized markets: contracts concluded on OPCOM's Centralized Market and BRM's gas forward markets; and
- sale or buy forward negotiated contracts, concluded directly with the counterparty.

Contracts to buy or sell gas that are entered into and continue to be held for receipt or delivery in accordance with the Group's normal expected purchase, sale or usage requirements - meaning that the gas is not intended to be delivered to final consumers or for balancing activities with delivery within 1-2 days ("own use exemption"), are accounted as executory contracts. Revenues are recognised over time as the customer receives and consumes simultaneously the benefits resulting from the performance of the obligation by the entity.

The contracts to buy or sell gas that do not qualify for own-use exemption are accounted for as derivatives in accordance with IFRS 9. The derivatives are classified as FVTPL.

##### **Revenues from the sale and distribution of electricity**

###### ***Supply and distribution of electricity***

The invoicing of electricity sales is performed on a monthly basis. Monthly electricity invoices are based on meter readings or on estimated consumptions based on the historical data of each consumer.



### **3. Material accounting policies (continued)**

#### **n) Revenues (continued)**

##### **Revenues from the sale and distribution of electricity (continued)**

###### ***Supply and distribution of electricity (continued)***

Electricity delivered which is not yet billed at the reporting date is accrued on the basis of recent average consumption. Differences between estimated and actual amounts are recorded in subsequent periods.

Revenue is recognized over time, because the client simultaneously receives and consumes the benefits provided by the performance of the Group as the Group delivers electricity.

Advance payments received from customers for future electricity sales are recognized as contract liabilities.

Revenues related to supply of electricity to final consumers include transportation tariffs. These services are provided by the electricity transportation operator.

The Group assessed whether it is a principal or an agent in relation to transport cost passed to the end users and it concluded that it acts as a principal.

#### **o) Finance income and expense**

Interest income and expense are recognised in profit or loss using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition and is not revised subsequently.

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

#### **p) Fee and commission income and expenses**

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income and expense relate mainly to transaction and service fees, which are recognised as the services are rendered or received.

#### **q) Taxation**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

#### **r) Common control transactions**

Where the entities of the Group are involved in transactions, including business combinations, with other entities under common control (i.e. entities under common control of the same parent or the same controlling party or parties), the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, have been considered and the following accounting policy has been developed.



### **3. Material accounting policies (continued)**

#### **r) Common control transactions (continued)**

The acquirer in a common control transaction should use either of the following in its special purpose consolidated financial statements:

- book value (carry-over basis) accounting on the basis that the investment has simply been moved from one part of the group to another; or
- IFRS 3 accounting on the basis that the acquirer is a separate entity in its own right and should not be confused with the economic group as a whole.

The chosen accounting policy should be applied consistently to all similar common control transactions. The Group made the election to apply the pooling of interests method. The assets and liabilities acquired are recognised at the carrying amounts of the acquiree (i.e. value at cost as at the date of acquisition less accumulated depreciation and/or potential impairment). The difference between fair value of consideration transferred in the acquisition and net assets acquired is recognised directly in equity.

In the special purpose consolidated financial statements, the acquirer is permitted to re-present its comparatives and adjust its current reporting period before the date of the transaction as if the combination had occurred before the start of the earliest period presented. However, this restatement should not extend to periods during which the entities were not under common control. The Group have opted to restate the comparative information, since all entities were always under the common control of parent entity.

In case of transactions which do not qualify as business combinations, if a standard requires the transaction to be recognised initially at fair value, it must be measured at that fair value regardless of the actual consideration. In all other cases, where there is a difference between the fair value and the consideration after having taken account of all goods or services being provided, the entities of the Group opted to recognise the transaction at the actual consideration stated in any agreement related to the transaction.

Acquisition under common control which is a combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the acquisition, and that control is not transitory. Such acquisitions are excluded from the scope of IFRS 3.

#### **s) Climate-related matters**

The Group considers climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the group due to both physical and transition risks. Even though the Group believes its business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group is closely monitoring relevant changes and developments, such as new climate-related legislation. The items and considerations that are most directly impacted by climate-related matters are:

- Useful life of property, plant and equipment. When reviewing the residual values and expected useful lives of assets, the Group considers climate-related matters, such as climate-related legislation and regulations that may restrict the use of assets or require significant capital expenditures. Currently, the Group concluded that the useful life of property, plant and equipment has not impacted from climate-related matters.
- Impairment of non-financial assets. The value-in-use may be impacted in several different ways by transition risk in particular, such as climate-related legislation and regulations and changes in demand for the Group's products. The Group has concluded that no single climate-related assumption is a key assumption for the 2023 test of goodwill, however the Group monitors and considers the future expectations in assessing value-in-use amounts.



### 3. Material accounting policies (continued)

#### t) Adoption of new and revised IFRS and Interpretations as adopted by the EU

As from 1 January 2021, the Group adopted all changes to IFRSs as adopted by the EU which are relevant to its operations. This adoption did not have a material effect on the financial statements.

The following New IFRSs, Amendments to IFRSs and Interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on 1 January 2021. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these New IFRSs, Amendments to IFRSs and Interpretations early.

#### (i) *New IFRSs, Amendments to IFRSs and Interpretations adopted by the EU*

- **IAS 12 Income Taxes (Amendments): International Tax reform – Pillar Two Model Rules** (effective for annual periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023; the mandatory temporary exception applies immediately)

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before it's effective date.

The use of the mandatory temporary exception is required to be disclosed.

Management does not expect to have a material effect on the financial statements.

- **IAS 1 Presentation of Financial Statements (Amendments): Classification of Liabilities as Current or Non-current and Non-current Liabilities with covenants** (effective for annual periods beginning on or after 1 January 2024)

In 2020, the IASB has amended IAS 1 to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. Similar to existing requirements in IAS 1, the classification of liabilities is unaffected by management's intentions or expectations about whether the company will exercise its right to defer settlement or will choose to settle early.

On 31 October 2022 the IASB issued further amendments to IAS 1 i.e. Non-current liabilities with covenants. The new amendments aim to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period. The amendments clarify that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within 12 months after the reporting date.

The amendments also clarify how a company classifies a liability that can be settled in its own shares (e.g. convertible debt). When a liability includes a counterparty conversion option that involves a transfer of the company's own equity instruments, the conversion option is recognised as either equity or a liability separately from the host liability under IAS 32 Financial Instruments: Presentation. The IASB has now clarified that when a company classifies the host liability as current or non-current, it can ignore only those conversion options that are recognised as equity. Companies may have interpreted the existing IAS 1 requirements differently when classifying convertible debt. Therefore, convertible debt may become current.

Management does not expect to have a material effect on the financial statements.

### 3. Material accounting policies (continued)

#### t) Adoption of new and revised IFRS and Interpretations as adopted by the EU

##### (i) *New IFRSs, Amendments to IFRSs and Interpretations adopted by the EU (continued)*

- **IFRS 16 Leases (Amendments): Lease Liability in Sale and Leaseback** (effective for annual periods beginning on or after 1 January 2024)

The IASB has issued amendments to IFRS 16 *Leases*, which add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. A sale and leaseback is a transaction for which a company sells an asset and leases that same asset back for a period of time from the new owner. IFRS 16 includes requirements on how to account for a sale and leaseback at the date the transaction takes place. However, IFRS 16 had not specified how to measure the transaction when reporting after that date. The amendments issued in September 2022 impact how a seller-lessee accounts for variable lease payments that arise in a sale and leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale and leaseback transactions entered into since 2019.

The amendments confirm the following: (1) On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale and leaseback transaction. (2) After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

Management does not expect to have a material effect on the financial statements.

##### (ii) *Standards issued but not yet effective*

- **IAS 7 Statement of Cash Flows (Amendments) and IFRS 7 Financial Instruments: Disclosures (Amendments) – Supplier Finance Arrangements** (effective for annual periods beginning on or after 1 January 2024)

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – to enable the users of the financial statements in understanding and assessing the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk as well as the impact to the entity if supplier finance arrangements were no longer available.

The amendments do not define the supplier finance arrangements. Instead, the amendments describe the characteristics of an arrangement for which an entity is required to provide the information. Specifically, all the following characteristics should apply:

- a finance provider pays amounts that the entity owes to its suppliers;
- the entity agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid; and
- the entity is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

Management does not expect to have a material effect on the financial statements.



### 3. Material accounting policies (continued)

#### t) Adoption of new and revised IFRS and Interpretations as adopted by the EU (continued)

##### (ii) Standards issued but not yet effective (continued)

- **IAS 21 *The Effects of Changes in Foreign Exchange Rates* (Amendments): Lack of Exchangeability** (effective for annual periods beginning on or after 1 January 2025)

The amendments, as issued in August 2023, aim to clarify when a currency is exchangeable into another currency and how a company estimates a spot rate when a currency lacks exchangeability. According to the amendments, a currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable at the measurement date, the company will be required to estimate a spot rate as the rate that would have been applied to an orderly exchange transaction between market participants under prevailing economic conditions. The amendments contain no specific requirements for estimating a spot rate, but they set out a framework under which an entity can determine the spot rate at the measurement date using an observable exchange rate without adjustment or another estimation technique.

Companies will be required to provide also new disclosures to help users assess the impact of a currency not being exchangeable to the entity's financial performance, financial position, and cash flows. To achieve this objective, entities will disclose information about the nature and financial impacts of a lack of exchangeability, the spot exchange rate(s) used, the estimation process and risks to the company because the currency is not exchangeable.

Management does not expect to have a material effect on the financial statements.

- **IFRS 10 *Consolidated Financial Statements* (Amendments) and IAS 28 *Investments in Associates and Joint Ventures* (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture** (effective date postponed indefinitely: early adoption continues to be permitted)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

Management does not expect to have a material effect on the financial statements.

#### **4. Financial risk management**

The risk management function within the Group is carried out in respect of financial risks (credit, market and liquidity risk), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk
- operational risk
- legal risk

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and is responsible for developing and monitoring risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.



## **4. Financial risk management (continued)**

### **Other risks related to operational activities**

#### **(a) Litigation and claims**

The Group is the subject of a number of court actions resulting from the normal course of business, in which it has the position of plaintiff or defendant. The list of litigations is analysed on a timely basis and based on the results of such analysis the Group recognises provisions for potential losses from litigations and claims. The Group considers that litigation and claims will not have a significant impact on the Group's operations and financial position, except for the amounts recorded in these financial statements (refer to Note 17. Provisions).

#### **(b) Environmental protection**

The Group pays particular attention on the environmental protection and compliance with relevant environmental legislation. The purpose of the environmental legislation is to prevent pollution and deterioration of the environment, to apply the proper measures in this respect, to protect the population's health, to put to good use in a reasonable manner the renewable and non-renewable resource, and to preserve the natural ecological balance. During the 1<sup>st</sup> half of 2021, the Group implemented full scale of Environmental, Social and Governance (ESG) policies and guidelines throughout the organization. In the years 2023, 2022 and 2021, the Group was neither involved in major incidents related to environment pollution, nor sued for damages to the environment.

#### **(c) Tax investigations**

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expenses already recorded.

The Romanian tax system is undergoing a consolidation process and is being harmonized with the European legislation. Different interpretations may exist at the level of the tax authorities in relation to the tax legislation that may result in additional taxes and penalties payable. Where the Romanian State authorities have findings from reviews relating to breaches of the tax legislation and related regulations, these may result in: confiscation of the amounts in case; additional tax liabilities being payable; fines and penalties. As a result, the fiscal penalties resulting from breaches of the legal provisions may result in a significant amount payable to the State.

Tax audits in Moldova consist of detailed verifications of the accounting records of the tax payers. Such audits sometimes take place after months, even years, from the dates liabilities are established. Consequently, companies may be found liable for significant taxes and fines. Moreover, tax legislation is subject to frequent changes and the authorities demonstrate inconsistency in the interpretation of the law. Income tax returns may be subject to revisions and corrections by tax authorities, generally for the 4 year period after they are completed.

The Group considers that all taxes due were fully paid and on time. Adequate tax liabilities were recognized in the financial statements. The Group's management is not aware of any circumstances which may give rise to a potential material tax liability to the Group in this respect.

## **4. Financial risk management (continued)**

### **Credit risk**

Credit risk is the risk of financial loss occurring as a result of default by a debtor or counterparty on their obligation to the Group. The majority of the Group's exposure to credit risk arises in connection with the bank deposits, provided loans, receivables and other financial assets which relate to the Group's principal business. The remaining part of the Group's exposures to credit risk is related to due from banks and other financial institutions and other financial assets.

Credit risk results from business transactions (receivables from counterparties) and from the transactions in financial markets (money market, currency exchange, derivatives transactions, etc.). Several criteria are applied when assessing the level of credit risk.

Credit terms for individual transactions are assessed by the Group's specialists, including middle and top management of the Group. Experts from both law firms and financial institutions were also consulted on the risks related to the transactions. Publicly available information and information from external agencies were used for ongoing monitoring of the credit quality of the counterparties.

The receivables are divided by counterparties and are allocated to the responsible person overseeing each case. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, trading history with the Group and existence of previous financial difficulties.

The Group's policies provide for gas and electricity sales to clients with low credit risk. Moreover, sales have to be secured either by advanced payments or by letters of bank guarantee. The net value of receivables following the adjustment for impairment of doubtful debts, represents the maximum value exposed to credit risk. The Group has a credit risk concentration related to its biggest clients. For bankrupt or insolvent customers, the Group estimates losses throughout the entire life of current and outstanding receivables and records corresponding impairment losses. Even though collection of receivables might be influenced by economic factors, the management believes that there is no significant risk of loss for the Group, besides the impairment of doubtful debts, already established.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and reviewed quarterly. Any sales exceeding those limits require approval from the risk management committee. The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period between 30 and 60 days.

The Group also continuously monitors the performance of individual credit exposures using a number of criteria. The Group has an active fraud prevention and detection program. Credit risk developments are reported by the Group Credit Risk Department to the Board of Directors on a regular basis.

As a result of recent negative developments on financial markets, the credit environment in certain countries in which the Group operates has deteriorated. The Group has taken strict measures in its underwriting and collection policies in order to limit the negative impact of such market changes.



## 4. Financial risk management (continued)

### Credit risk (continued)

#### Exposure to credit risk

The Group has provided loans in the amount of TEUR 5.056 (2022: TEUR 4.845, 2021: TEUR 2.368). The tables below provide a detailed analysis of the Group's exposure to credit risk.

| Loans - Due from non-banks   | 2023         | 2022         | 2021         |
|------------------------------|--------------|--------------|--------------|
|                              | TEUR         | TEUR         | TEUR         |
| Stage 1 – Carrying amount    | 5,056        | 4,845        | 2,368        |
| <b>Total carrying amount</b> | <b>5,056</b> | <b>4,845</b> | <b>2,368</b> |

#### Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's (if applicable). The most material bank balances with no credit ratings arise from the Moldavian component, ICS Premier Energy SRL, the parent company Premier Energy Plc and the Romanian component, Premier Energy SRL. Bank balances and bank deposits are measured at 12-month ECL:

|                                                                                   | 2023          | 2022          | 2021          |
|-----------------------------------------------------------------------------------|---------------|---------------|---------------|
|                                                                                   | TEUR          | TEUR          | TEUR          |
| <b>Cash at bank and term bank deposits</b>                                        |               |               |               |
| Ba1                                                                               | --            | 14            | --            |
| Ba3                                                                               | --            | --            | 384           |
| Baa1                                                                              | 5,530         | 12,348        | 549           |
| Baa2                                                                              | 291           | 3,460         | 10            |
| Baa3                                                                              | 5,807         | 1,184         | --            |
| Non-rated                                                                         | 67,803        | 30,513        | 17,858        |
| <b>Gross carrying amount cash at bank</b>                                         | <b>79,431</b> | <b>47,519</b> | <b>18,801</b> |
| <b>Demand deposits</b>                                                            |               |               |               |
| Non-rated                                                                         | 307           | --            | --            |
| <b>Subtotal</b>                                                                   | <b>307</b>    | <b>--</b>     | <b>--</b>     |
| <b>Deposits with restricted access</b>                                            |               |               |               |
| Baa1                                                                              | 267           | 1,373         | --            |
| Ba3                                                                               | --            | --            | 813           |
| Non-rated                                                                         | 7,674         | 14,007        | 106           |
| <b>Gross carrying amount deposits</b>                                             | <b>7,941</b>  | <b>15,380</b> | <b>919</b>    |
| <b>Term bank deposits</b>                                                         |               |               |               |
| Non-rated                                                                         | --            | 64            | 64            |
| <b>Gross carrying amount term bank deposits</b>                                   | <b>--</b>     | <b>64</b>     | <b>64</b>     |
| <b>Total cash at bank, deposits with restricted access and term bank deposits</b> | <b>87,679</b> | <b>62,963</b> | <b>19,784</b> |

During the year 2023, 2022 and 2021 no impairment provision was recognised in respect to cash at bank and bank deposits.

#### 4. Financial risk management (continued)

##### Credit risk (continued)

The exposure to credit risk for the above financial assets at the reporting date by geographic region was as follows:

|         | 2023          | 2022          | 2021          |
|---------|---------------|---------------|---------------|
|         | TEUR          | TEUR          | TEUR          |
| Romania | 37,311        | 51,448        | 8,197         |
| Moldova | 40,921        | 5,980         | 1,925         |
| Cyprus  | 7,855         | 5,535         | 9,662         |
| Hungary | 266           | --            | --            |
| Serbia  | 1,326         | --            | --            |
|         | <b>87,679</b> | <b>62,963</b> | <b>19,784</b> |

##### Classification of financial assets by credit risk – provided loans

The following table presents an analysis of the credit quality of provided loans at amortised cost. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and if they were credit-impaired.

| 2023                                        | 12-month<br>ECL<br>(Stage I)<br>TEUR | Lifetime ECL<br>not credit-<br>impaired<br>(Stage II)<br>TEUR | Lifetime ECL<br>credit-<br>impaired<br>(Stage III)<br>TEUR | Total<br>TEUR |
|---------------------------------------------|--------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------|
| Gross provided loans – low risk grade       | 5,063                                | --                                                            | --                                                         | 5,063         |
| Loss allowances                             | (7)                                  | --                                                            | --                                                         | (7)           |
| <b>Net provided loans</b>                   | <b>5,056</b>                         | <b>--</b>                                                     | <b>--</b>                                                  | <b>5,056</b>  |
| <b>Weighted average loss rate</b>           | <b>0.14%</b>                         | <b>n/a</b>                                                    | <b>n/a</b>                                                 | <b>0.14%</b>  |
| <b>Equivalent to external credit rating</b> | <b>BBB+</b>                          | <b>n/a</b>                                                    | <b>n/a</b>                                                 |               |
| <b>Credit impaired</b>                      | <b>NO</b>                            | <b>n/a</b>                                                    | <b>n/a</b>                                                 |               |

| 2022                                        | 12-month<br>ECL<br>(Stage I)<br>TEUR | Lifetime ECL<br>not credit-<br>impaired<br>(Stage II)<br>TEUR | Lifetime ECL<br>credit-<br>impaired<br>(Stage III)<br>TEUR | Total<br>TEUR |
|---------------------------------------------|--------------------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------|
| Gross provided loans – low risk grade       | 4,910                                | --                                                            | --                                                         | 4,910         |
| Loss allowances                             | (65)                                 | --                                                            | --                                                         | (65)          |
| <b>Net provided loans</b>                   | <b>4,845</b>                         | <b>--</b>                                                     | <b>--</b>                                                  | <b>4,845</b>  |
| <b>Weighted average loss rate</b>           | <b>1.34%</b>                         | <b>n/a</b>                                                    | <b>n/a</b>                                                 | <b>1.34%</b>  |
| <b>Equivalent to external credit rating</b> | <b>BBB+</b>                          | <b>n/a</b>                                                    | <b>n/a</b>                                                 |               |
| <b>Credit impaired</b>                      | <b>NO</b>                            | <b>n/a</b>                                                    | <b>n/a</b>                                                 |               |



**4. Financial risk management (continued)****Credit risk (continued)**

| 2021                                        | 12-month ECL<br>(Stage I)<br>TEUR | Lifetime ECL<br>not credit-<br>impaired<br>(Stage II)<br>TEUR | Lifetime ECL<br>credit-<br>impaired<br>(Stage III)<br>TEUR | Total<br>TEUR |
|---------------------------------------------|-----------------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------|
| Gross provided loans – low risk grade       | 2,385                             | --                                                            | --                                                         | 2,385         |
| Loss allowances                             | (17)                              | --                                                            | --                                                         | (17)          |
| <b>Net provided loans</b>                   | <b>2,368</b>                      | <b>--</b>                                                     | <b>--</b>                                                  | <b>2,368</b>  |
| <b>Weighted average loss rate</b>           | <b>0.71%</b>                      | <b>n/a</b>                                                    | <b>n/a</b>                                                 | <b>0.71%</b>  |
| <b>Equivalent to external credit rating</b> | <b>BBB+</b>                       | <b>n/a</b>                                                    | <b>n/a</b>                                                 |               |
| <b>Credit impaired</b>                      | <b>NO</b>                         | <b>n/a</b>                                                    | <b>n/a</b>                                                 |               |

**Classification of financial assets by credit risk – financial assets at amortised costs – deposits and restricted deposits**

The following table presents an analysis of the credit quality of financial assets at amortised cost - deposits. It indicates whether assets measured at amortised cost were subject to a 12-month ECL or lifetime ECL allowance and if they were credit-impaired.

| 2023                                                     | 12-month ECL<br>(Stage I)<br>TEUR | Lifetime ECL<br>not credit-<br>impaired<br>(Stage II)<br>TEUR | Lifetime ECL<br>credit-<br>impaired<br>(Stage III)<br>TEUR | Total<br>TEUR |
|----------------------------------------------------------|-----------------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------|
| Deposits                                                 | --                                | --                                                            | --                                                         | --            |
| Restricted deposits                                      | 7,941                             | --                                                            | --                                                         | 7,941         |
| Loss allowances                                          | --                                | --                                                            | --                                                         | --            |
| <b>Net financial assets at amortised cost – deposits</b> | <b>7,941</b>                      | <b>--</b>                                                     | <b>--</b>                                                  | <b>7,941</b>  |
| <b>Weighted average loss rate</b>                        | <b>0.00%</b>                      | <b>n/a</b>                                                    | <b>n/a</b>                                                 | <b>0.00%</b>  |

| 2022                                                     | 12-month ECL<br>(Stage I)<br>TEUR | Lifetime ECL<br>not credit-<br>impaired<br>(Stage II)<br>TEUR | Lifetime ECL<br>credit-<br>impaired<br>(Stage III)<br>TEUR | Total<br>TEUR |
|----------------------------------------------------------|-----------------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------|
| Deposits                                                 | 64                                | --                                                            | --                                                         | 64            |
| Restricted deposits                                      | 15,380                            | --                                                            | --                                                         | 15,380        |
| Loss allowances                                          | --                                | --                                                            | --                                                         | --            |
| <b>Net financial assets at amortised cost – deposits</b> | <b>15,444</b>                     | <b>--</b>                                                     | <b>--</b>                                                  | <b>15,444</b> |
| <b>Weighted average loss rate</b>                        | <b>0.00%</b>                      | <b>n/a</b>                                                    | <b>n/a</b>                                                 | <b>0.00%</b>  |

## 4. Financial risk management (continued)

### Credit risk (continued)

**Classification of financial assets by credit risk – financial assets at amortised costs – deposits and restricted deposits (continued)**

| 2021                                                     | 12-month ECL<br>(Stage I)<br>TEUR | Lifetime ECL<br>not credit-<br>impaired<br>(Stage II)<br>TEUR | Lifetime ECL<br>credit-<br>impaired<br>(Stage III)<br>TEUR | Total<br>TEUR |
|----------------------------------------------------------|-----------------------------------|---------------------------------------------------------------|------------------------------------------------------------|---------------|
| Deposits                                                 | 64                                | --                                                            | --                                                         | 64            |
| Restricted deposits                                      | 919                               | --                                                            | --                                                         | 919           |
| Loss allowances                                          | --                                | --                                                            | --                                                         | --            |
| <b>Net financial assets at amortised cost – deposits</b> | <b>983</b>                        | <b>--</b>                                                     | <b>--</b>                                                  | <b>983</b>    |
| <b>Weighted average loss rate</b>                        | <b>0.00%</b>                      | <b>n/a</b>                                                    | <b>n/a</b>                                                 | <b>0.00%</b>  |

The Group recognizes allowances for ECLs for financial assets measured at amortized costs (other than trade receivables). The ECL calculation is based on external or internal credit ratings of the counterparty, associated probabilities of default and loss given default. External credit rating is based mainly on reports issued by well-known rating agencies. Due to the fact that there has not been a significant credit risk on the above-mentioned financial assets, since initial recognition, credit losses are measured at 12-month ECLs.

The carrying amounts of financial assets and contract assets represent the maximum credit exposure. The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivable and contract assets for which no loss allowance is recognised because of collateral.

As at 31 December 2023, the ageing analysis of trade receivables, contract assets and other assets is detailed as follows:

| 2023                       | Current<br>(not past<br>due) | 1-30<br>days<br>past due | 31-60<br>days<br>past due | 61-90<br>days<br>past due | 91-180<br>days<br>past due | 181-360<br>days<br>past due | 360+<br>past due | Total          |
|----------------------------|------------------------------|--------------------------|---------------------------|---------------------------|----------------------------|-----------------------------|------------------|----------------|
| Trade receivables          | 62,373                       | 22,919                   | 1,143                     | 407                       | 1,428                      | 220                         | 12,480           | 100,970        |
| Contract assets**          | 779                          | --                       | --                        | --                        | --                         | --                          | --               | 779            |
| Other financial assets*    | 25,343                       | 1                        | --                        | --                        | --                         | --                          | 123              | 25,467         |
| <b>Total balance</b>       | <b>88,495</b>                | <b>22,920</b>            | <b>1,143</b>              | <b>407</b>                | <b>1,428</b>               | <b>220</b>                  | <b>12,603</b>    | <b>127,216</b> |
| Loss allowance             | (2,248)                      | (336)                    | (4)                       | (52)                      | (82)                       | (83)                        | (12,150)         | (14,955)       |
| Weighted average loss rate | 2.54%                        | 1.47%                    | 0.35%                     | 12.78%                    | 5.74%                      | 37.56%                      | 96.41%           | 11.76%         |
| Credit-impaired            | No                           | No                       | No                        | No                        | No                         | Yes                         | Yes              |                |

\*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For the detail, refer to Note 14

\*\* Contract assets excluding Group's rights for network construction works not completed by the reporting date, refer to Note 25



## 4. Financial risk management (continued)

### Credit risk (continued)

#### Classification of financial assets by credit risk – trade receivables and other assets (continued)

As at 31 December 2022, the ageing analysis of trade receivables, contract assets and other assets is detailed as follows:

| 2022                       | Current<br>(not past<br>due) | 1-30<br>days<br>past due | 31-60<br>days<br>past due | 61-90<br>days<br>past<br>due | 91-180<br>days<br>past<br>due | 181-360<br>days<br>past due | 360+<br>past due | Total          |
|----------------------------|------------------------------|--------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------|----------------|
| Trade receivables          | 67,722                       | 35,866                   | 3,737                     | 516                          | 1,255                         | 1,657                       | 10,493           | 121,246        |
| Contract assets**          | 154                          | --                       | --                        | --                           | --                            | --                          | --               | 154            |
| Other financial assets*    | 10,862                       | --                       | 88                        | --                           | --                            | --                          | --               | 10,950         |
| <b>Total balance</b>       | <b>78,738</b>                | <b>35,866</b>            | <b>3,825</b>              | <b>516</b>                   | <b>1,255</b>                  | <b>1,657</b>                | <b>10,493</b>    | <b>132,350</b> |
| Weighted average loss rate | 2.98%                        | 2.16%                    | 4.84%                     | 19.96%                       | 71.71%                        | 72.90%                      | 91.43%           | 11.39%         |
| Loss allowance             | 2,345                        | 775                      | 185                       | 103                          | 900                           | 1,208                       | 9,594            | 15,110         |
| Credit-impaired            | No                           | No                       | No                        | No                           | No                            | Yes                         | Yes              |                |

\*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For the detail, refer to Note 14

\*\* Contract assets excluding Group's rights for network construction works not completed by the reporting date, refer to Note 25

As at 31 December 2021, the ageing analysis of trade receivables, contract assets and other assets is detailed as follows:

| 2021                       | Current<br>(not past<br>due) | 1-30<br>days<br>past due | 31-60<br>days<br>past due | 61-90<br>days<br>past<br>due | 91-180<br>days<br>past<br>due | 181-360<br>days<br>past due | 360+<br>past due | Total         |
|----------------------------|------------------------------|--------------------------|---------------------------|------------------------------|-------------------------------|-----------------------------|------------------|---------------|
| Trade receivables          | 57,381                       | 13,866                   | 1,442                     | 397                          | 680                           | 2,233                       | 10,773           | 86,772        |
| Contract assets**          | 208                          | --                       | --                        | --                           | --                            | --                          | --               | 208           |
| Other financial assets*    | 4,034                        | --                       | --                        | --                           | --                            | --                          | 685              | 4,719         |
| <b>Total balance</b>       | <b>61,623</b>                | <b>13,866</b>            | <b>1,442</b>              | <b>397</b>                   | <b>680</b>                    | <b>2,233</b>                | <b>11,458</b>    | <b>91,699</b> |
| Weighted average loss rate | 1.14%                        | 1%                       | 7.8%                      | 18.9%                        | 45.2%                         | 78.2%                       | 91.2%            | 14.58%        |
| Loss allowance             | 700                          | 139                      | 112                       | 75                           | 307                           | 1,746                       | 10,444           | 13,523        |
| Credit-impaired            | No                           | No                       | No                        | No                           | No                            | Yes                         | Yes              |               |

\*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For the detail, refer to Note 14.

\*\* Contract assets excluding Group's rights for network construction works not completed by the reporting date, refer to Note 25.

#### 4. Financial risk management (continued)

##### Credit risk (continued)

###### Classification of financial assets by credit risk – trade receivables and other assets (continued)

The financial assets exposing the Group to a potential credit risk comprise mainly of trade receivables. The Group's trade receivables consist of receivables from revenue in Romania and Moldova.

As at 31 December 2023, the exposure to credit risk for trade receivables, derivatives, loans provided and other financial assets by geographic region was as follows:

|                    | 2023           |                | 2022           |                | 2021          |                |
|--------------------|----------------|----------------|----------------|----------------|---------------|----------------|
|                    | TEUR           | %              | TEUR           | %              | TEUR          | %              |
| Cyprus             | --             | --             | --             | --             | --            | --             |
| Romania            | 86,615         | 69.15%         | 132,370        | 71.61%         | 66,178        | 77.14%         |
| Other EU countries | 11,043         | 8.82%          | 2,281          | 1.23%          | 2,087         | 2.43%          |
| Moldova            | 26,427         | 21.10%         | 50,197         | 27.16%         | 17,527        | 20.43%         |
| Other              | 1,173          | 0.94%          | --             | --             | --            | --             |
| <b>Total</b>       | <b>125,258</b> | <b>100.00%</b> | <b>184,848</b> | <b>100.00%</b> | <b>85,792</b> | <b>100.00%</b> |

Also, as at 31 December 2023, the exposure to credit risk for trade receivables, derivatives, loans provided and other financial assets by type of counterparty was as follows:

|                               | 2023           |                | 2022           |                | 2021          |                |
|-------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|
|                               | TEUR           | %              | TEUR           | %              | TEUR          | %              |
| Financial services            | 12,340         | 9.85%          | 17,865         | 9.66%          | 3,001         | 3.50%          |
| Public sector                 | 13,926         | 11.12%         | 14,862         | 8.04%          | 6,409         | 7.47%          |
| Commercial business customers | 68,580         | 54.75%         | 119,488        | 64.64%         | 60,284        | 70.27%         |
| Households/Individuals        | 29,089         | 23.22%         | 32,347         | 17.50%         | 15,532        | 18.10%         |
| Other                         | 1,323          | 1.06%          | 286            | 0.15%          | 566           | 0.66%          |
| <b>Total</b>                  | <b>125,258</b> | <b>100.00%</b> | <b>184,848</b> | <b>100.00%</b> | <b>85,792</b> | <b>100.00%</b> |

The Group uses an allowance matrix to measure the ECLs of trade receivables. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposure in different segments based on the following common credit risk characteristics – geographic region and type of counterparty. The average loss percentages are calculated based on a history of the past eight years and based on quarterly aging reports. Receivables are split by ageing buckets as of each quarter end. Each quarter analysis also shows the receivables' "migration" to another bucket in the following quarter. The average percentages are applied to each ageing bucket comprising trade receivables as of year-end.

The loss allowances to trade receivables are calculated based on the following:

- 180-360 days after due date – 37%-80% impairment loss;
- more than 360 days after due date – 87%-100% impairment loss; and
- for customers in litigations and for bankrupted customers or customers in insolvency, 100% loss allowance is established.

Management believes that the Group's exposure to credit risk is manageable, as commodities are sold with reputable parties with low credit risk and collection is prompted based on the individual terms with the parties. Credit terms are between 30 days and 60 days. Although it is generally considered that balances over 90 days are considered to be in default, the Group upon reviewing the historical transactions with the Group's customers, it was determined that there is no such credit risk since there is no history of significant amounts of unpaid invoices. In addition, gas sales are required to be secured either by advanced payments or by letters of bank guarantee. Therefore, although a financial asset is generally considered to be in default when it is 90 days past due, due to the above reasons, the Group considers balances to be in default when they are overdue by more than 180 days. Currently, trade receivables which are overdue by more than 360 days are mainly balances with specific corporate customers in litigations or bankrupted customer.



## 4. Financial risk management (continued)

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk is managed by ensuring that there are sufficient financial resources to meet the obligations associated with financial liabilities. Cautious liquidity risk management assumes maintenance of a sufficient amount of cash and the availability of required external financing in terms of loans and borrowings.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's Treasury collects information regarding the liquidity profile of the financial assets and liabilities and details of other projected cash flows arising from projected future business. Portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored, and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

In order to monitor the current trends in liquidity and to manage other associated risks (exchange rate risk, interest rate risk, foreign exchange risk, payment conditions, tax legislation, etc.), a meeting is held on a monthly basis in attendance with representatives of the Finance Department and with specialists and managers from other departments, if needed. In regular meetings, the Finance Director then reports to the Group management on the liquidity status and its developments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing as at the reporting date. Foreign currency payments are translated using the spot exchange rate as at the reporting date.

### Contractual maturity analysis

The following table shows financial assets and liabilities by remaining maturity dates.

2023

| TEUR                                                  | Less than<br>30 days | 31-90<br>Days  | 3 months<br>to 1 year | 1 to 5<br>years | More<br>than<br>5 years | No<br>maturity | Carrying<br>amount |
|-------------------------------------------------------|----------------------|----------------|-----------------------|-----------------|-------------------------|----------------|--------------------|
| <b>Non-derivative financial assets</b>                |                      |                |                       |                 |                         |                |                    |
| Cash and cash equivalents                             | 81,272               | --             | --                    | --              | --                      | --             | 81,272             |
| Restricted deposits                                   | 1,879                | 2,435          | 1,324                 | 2,303           | --                      | --             | 7,941              |
| Loans - due from non-banks                            | 18                   | 36             | 147                   | 1,736           | 3,119                   | --             | 5,056              |
| Trade receivables                                     | 74,500               | 11,671         | 1,069                 | 29              | --                      | 1,117          | 88,386             |
| Other financial assets*                               | 1,112                | 20             | 8,057                 | 123             | 500                     | 13,284         | 23,096             |
| <b>Total financial assets</b>                         | <b>158,781</b>       | <b>14,162</b>  | <b>10,597</b>         | <b>4,191</b>    | <b>3,619</b>            | <b>14,401</b>  | <b>205,751</b>     |
|                                                       |                      |                |                       |                 |                         |                |                    |
|                                                       | Less than<br>30 days | 31-90<br>Days  | 3 months<br>to 1 year | 1 to 5<br>years | More<br>than<br>5 years | No<br>maturity | Carrying<br>amount |
| <b>Non-derivative financial liabilities</b>           |                      |                |                       |                 |                         |                |                    |
| Loans - due to non-banks                              | --                   | 655            | 663                   | --              | --                      | --             | 1,318              |
| Loans - due to banks and other financial institutions | 1,999                | 1,858          | 49,239                | 94,579          | 5,800                   | --             | 153,475            |
| Lease liabilities                                     | 49                   | 97             | 528                   | 2,181           | 2,361                   | --             | 5,216              |
| Bonds issued                                          | --                   | --             | --                    | --              | --                      | --             | --                 |
| Trade payables                                        | 39,245               | 6,794          | 701                   | 1               | --                      | 37             | 46,778             |
| Other financial liabilities**                         | 7,715                | 7,120          | 1,863                 | 2,284           | --                      | 3              | 18,985             |
| <b>Total financial liabilities</b>                    | <b>49,008</b>        | <b>16,524</b>  | <b>52,994</b>         | <b>99,045</b>   | <b>8,161</b>            | <b>40</b>      | <b>225,772</b>     |
|                                                       |                      |                |                       |                 |                         |                |                    |
| <b>Net position</b>                                   | <b>109,773</b>       | <b>(2,362)</b> | <b>(42,397)</b>       | <b>(94,854)</b> | <b>(4,542)</b>          | <b>14,361</b>  | <b>(20,021)</b>    |

\*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14

\*\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20

#### 4. Financial risk management (continued)

##### Liquidity risk (continued)

##### Contractual maturity analysis (continued)

2022

| TEUR                                                  | Less than<br>30 days | 31-90<br>Days  | 3 months<br>to 1 year | 1 to 5<br>years | More<br>than<br>5 years | No<br>maturity | Carrying<br>amount |
|-------------------------------------------------------|----------------------|----------------|-----------------------|-----------------|-------------------------|----------------|--------------------|
| <b>Non-derivative financial assets</b>                |                      |                |                       |                 |                         |                |                    |
| Cash and cash equivalents                             | 48,657               | --             | --                    | --              | --                      | --             | 48,657             |
| Restricted deposits                                   | 2,337                | 2,958          | 4,639                 | 5,446           | --                      | --             | 15,380             |
| Financial assets at amortised cost – deposits         | --                   | 64             | --                    | --              | --                      | --             | 64                 |
| Loans - due from non-banks                            | 15                   | 31             | 150                   | 2,367           | 2,282                   | --             | 4,845              |
| Trade receivables                                     | 96,365               | 10,782         | 327                   | --              | --                      | 1,046          | 108,520            |
| Other financial assets*                               | 226                  | --             | 4,874                 | 3,466           | --                      | --             | 8,566              |
| <b>Subtotal non-derivative instrument</b>             | <b>147,600</b>       | <b>13,835</b>  | <b>9,990</b>          | <b>11,279</b>   | <b>2,282</b>            | <b>1,046</b>   | <b>186,032</b>     |
| <b>Derivative financial assets</b>                    |                      |                |                       |                 |                         |                |                    |
| Commodity derivatives – Gas                           | --                   | --             | 3,123                 | --              | --                      | --             | 3,123              |
| <b>Subtotal derivative instruments</b>                | <b>--</b>            | <b>--</b>      | <b>3,123</b>          | <b>--</b>       | <b>--</b>               | <b>--</b>      | <b>3,123</b>       |
| <b>Total financial assets</b>                         | <b>147,600</b>       | <b>13,835</b>  | <b>13,113</b>         | <b>11,279</b>   | <b>2,282</b>            | <b>1,046</b>   | <b>189,155</b>     |
|                                                       |                      |                |                       |                 |                         |                |                    |
|                                                       | Less than<br>30 days | 31-90<br>Days  | 3 months<br>to 1 year | 1 to 5<br>years | More<br>than<br>5 years | No<br>maturity | Carrying<br>amount |
| <b>Non-derivative financial liabilities</b>           |                      |                |                       |                 |                         |                |                    |
| Loans - due to non-banks                              | 1                    | --             | 3,964                 | --              | --                      | --             | 3,965              |
| Loans - due to banks and other financial institutions | 265                  | 2,118          | 47,496                | 88,646          | 2,497                   | --             | 141,022            |
| Lease liabilities                                     | 62                   | 84             | 364                   | 1,288           | 1,924                   | --             | 3,722              |
| Bonds issued                                          | --                   | --             | 2,020                 | --              | --                      | --             | 2,020              |
| Trade payables                                        | 13,402               | 4,856          | 142                   | --              | --                      | 34             | 18,434             |
| Other financial liabilities**                         | 32,494               | 11,084         | 2,961                 | 357             | 2                       | --             | 46,898             |
| <b>Subtotal financial liabilities</b>                 | <b>46,224</b>        | <b>18,142</b>  | <b>56,947</b>         | <b>90,291</b>   | <b>4,423</b>            | <b>34</b>      | <b>216,061</b>     |
| Commodity derivatives - Gas                           | --                   | --             | 3,777                 | --              | --                      | --             | 3,777              |
| <b>Total</b>                                          | <b>--</b>            | <b>--</b>      | <b>3,777</b>          | <b>--</b>       | <b>--</b>               | <b>--</b>      | <b>3,777</b>       |
| <b>Total financial liabilities</b>                    | <b>46,224</b>        | <b>18,142</b>  | <b>60,724</b>         | <b>90,291</b>   | <b>4,423</b>            | <b>34</b>      | <b>219,838</b>     |
| <b>Net position</b>                                   | <b>101,376</b>       | <b>(4,307)</b> | <b>(47,611)</b>       | <b>(79,012)</b> | <b>(2,141)</b>          | <b>1,012</b>   | <b>(30,683)</b>    |

\*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.

\*\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.



**4. Financial risk management (continued)****Liquidity risk (continued)****Contractual maturity analysis (continued)****2021**

| TEUR                                                     | Less than<br>30 days | 31-90<br>Days | 3 months<br>to 1 year | 1 to 5<br>years | More<br>than<br>5 years | No<br>maturity | Carrying<br>amount |
|----------------------------------------------------------|----------------------|---------------|-----------------------|-----------------|-------------------------|----------------|--------------------|
| <b>Non-derivative financial assets</b>                   |                      |               |                       |                 |                         |                |                    |
| Cash and cash equivalents                                | 19,783               | --            | --                    | --              | --                      | --             | 19,783             |
| Restricted deposits                                      | 431                  | 347           | --                    | 141             | --                      | --             | 919                |
| Financial assets at<br>amortised cost – deposits         | --                   | 64            | --                    | --              | --                      | --             | 64                 |
| Loans - due from non-banks                               | --                   | 4             | 29                    | 245             | 2,087                   | 3              | 2,368              |
| Trade receivables                                        | 59,131               | 14,658        | 165                   | 22              | --                      | --             | 73,976             |
| Other financial assets*                                  | 3,158                | 366           | 232                   | 91              | --                      | 145            | 3,992              |
| <b>Total financial assets</b>                            | <b>82,503</b>        | <b>15,439</b> | <b>426</b>            | <b>499</b>      | <b>2,087</b>            | <b>148</b>     | <b>101,102</b>     |
| <b>Non-derivative financial liabilities</b>              |                      |               |                       |                 |                         |                |                    |
| Bank overdrafts                                          | 7,607                | --            | --                    | --              | --                      | --             | 7,607              |
| Loans - due to non-banks                                 | --                   | --            | 1,736                 | --              | --                      | --             | 1,736              |
| Loans - due to banks and<br>other financial institutions | 84                   | 2,981         | 43,524                | 81,759          | --                      | --             | 128,348            |
| Lease liabilities                                        | 38                   | 75            | 322                   | 1,147           | 314                     | --             | 1,896              |
| Trade payables                                           | 16,737               | 4,566         | --                    | --              | --                      | --             | 21,303             |
| Other financial liabilities**                            | 17,541               | 749           | 182                   | 232             | 22                      | --             | 18,726             |
| <b>Total financial liabilities</b>                       | <b>42,007</b>        | <b>8,371</b>  | <b>45,764</b>         | <b>83,138</b>   | <b>336</b>              | <b>--</b>      | <b>179,616</b>     |
| <b>Net position</b>                                      | <b>40,496</b>        | <b>7,068</b>  | <b>(45,338)</b>       | <b>(82,639)</b> | <b>1,751</b>            | <b>148</b>     | <b>(78,514)</b>    |

\*Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14

\*\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20

The cumulative negative Net position with maturity shorter than 1 year relates mainly to bank loans from the Romanian entities. These loans are credit facilities for working capital purposes, which get renewed annually.

## 4. Financial risk management (continued)

### Liquidity risk (continued)

#### Contractual cash flows of financial liabilities (gross undiscounted cash flows)

The following table shows gross undiscounted cash flows including estimated interest payments and the carrying amounts in the statement of financial position.

| 2023                                                  | Less than<br>3 months | 3 months<br>to 1 year | 1 to 5<br>years | More than<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>amount |
|-------------------------------------------------------|-----------------------|-----------------------|-----------------|----------------------|------------------------------------|--------------------|
| <b>TEUR</b>                                           |                       |                       |                 |                      |                                    |                    |
| <b>Non-derivative financial liabilities</b>           |                       |                       |                 |                      |                                    |                    |
| Loans - due to non-banks                              | 667                   | 700                   | --              | --                   | 1,367                              | 1,318              |
| Loans - due to banks and other financial institutions | 6,305                 | 55,454                | 122,515         | 8,526                | 192,800                            | 153,475            |
| Lease liabilities                                     | 146                   | 528                   | 2,181           | 2,361                | 5,216                              | 5,216              |
| Bonds issued                                          | --                    | --                    | --              | --                   | --                                 | --                 |
| Trade payables                                        | 46,039                | 701                   | 1               | 37                   | 46,778                             | 46,778             |
| Other financial liabilities*                          | 14,835                | 1,863                 | 2,284           | 3                    | 18,985                             | 18,985             |
| <b>Total financial liabilities</b>                    | <b>67,992</b>         | <b>59,246</b>         | <b>126,981</b>  | <b>10,927</b>        | <b>265,146</b>                     | <b>225,772</b>     |

\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

| 2022                                                  | Less than<br>3 months | 3 months<br>to 1 year | 1 to 5<br>years | More than<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>amount |
|-------------------------------------------------------|-----------------------|-----------------------|-----------------|----------------------|------------------------------------|--------------------|
| <b>TEUR</b>                                           |                       |                       |                 |                      |                                    |                    |
| <b>Non-derivative financial liabilities</b>           |                       |                       |                 |                      |                                    |                    |
| Loans - due to non-banks                              | 44                    | 4,066                 | --              | --                   | 4,110                              | 3,965              |
| Loans - due to banks and other financial institutions | 5,436                 | 56,555                | 105,678         | 4,161                | 171,830                            | 141,022            |
| Lease liabilities                                     | 164                   | 407                   | 1,531           | 9,205                | 11,307                             | 3,722              |
| Bonds issued                                          | --                    | 2,182                 | --              | --                   | 2,182                              | 2,020              |
| Trade payables                                        | 18,258                | 142                   | --              | 34                   | 18,434                             | 18,434             |
| Other financial liabilities*                          | 43,578                | 2,961                 | 357             | 2                    | 46,898                             | 46,898             |
| <b>Subtotal non-derivative instruments</b>            | <b>67,480</b>         | <b>66,313</b>         | <b>107,566</b>  | <b>13,402</b>        | <b>254,761</b>                     | <b>216,061</b>     |
| <b>Derivative financial liabilities</b>               |                       |                       |                 |                      |                                    |                    |
| Commodity derivatives - Gas                           | --                    | 3,777                 | --              | --                   | 3,777                              | 3,777              |
| <b>Subtotal derivative instruments</b>                | <b>--</b>             | <b>3,777</b>          | <b>--</b>       | <b>--</b>            | <b>3,777</b>                       | <b>3,777</b>       |
| <b>Total financial liabilities</b>                    | <b>67,480</b>         | <b>70,090</b>         | <b>107,566</b>  | <b>13,402</b>        | <b>258,538</b>                     | <b>219,838</b>     |

\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.



#### 4. Financial risk management (continued)

##### Liquidity risk (continued)

##### Contractual cash flows of financial liabilities (gross undiscounted cash flows) (continued)

| 2021                                                  | Less than<br>3 months | 3 months<br>to 1 year | 1 to 5<br>years | More than<br>5 years | Total<br>contractual<br>cash flows | Carrying<br>amount |
|-------------------------------------------------------|-----------------------|-----------------------|-----------------|----------------------|------------------------------------|--------------------|
| <b>TEUR</b>                                           |                       |                       |                 |                      |                                    |                    |
| <b>Non-derivative financial liabilities</b>           |                       |                       |                 |                      |                                    |                    |
| Bank overdrafts                                       | 7,646                 | --                    | --              | --                   | 7,646                              | 7,607              |
| Loans - due to non-banks                              | 29                    | 1,823                 | --              | --                   | 1,852                              | 1,736              |
| Loans - due to banks and other financial institutions | 4,735                 | 47,690                | 89,118          | --                   | 141,543                            | 128,348            |
| Lease liabilities                                     | 113                   | 322                   | 1,147           | 314                  | 1,896                              | 1,896              |
| Trade payables                                        | 21,303                | --                    | --              | --                   | 21,303                             | 21,303             |
| Other financial liabilities*                          | 18,290                | 182                   | 232             | 22                   | 18,726                             | 18,726             |
| <b>Total</b>                                          | <b>52,116</b>         | <b>50,017</b>         | <b>90,497</b>   | <b>336</b>           | <b>192,966</b>                     | <b>179,616</b>     |

\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

As disclosed in Note 18, the Group has secured bank loans and bonds that contain covenants. A future breach of covenant may require Group to repay the loan earlier than indicated in the above tables. Under the agreement, covenants are monitored on a regular basis by the treasury department and regularly reported to management to ensure compliance with the agreements.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## **4. Financial risk management (continued)**

### **Market risk**

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The majority of the Group's exposure to market risk arises in connection with the funding of the Group's operations with liabilities denominated in foreign currencies and to the extent the term structure of interest-bearing assets differs from that of liabilities.

Market risk includes currency risk and interest rate risk. Management's objectives are to use natural hedging only. The borrowings are secured by the majority of the Group's receivables.

#### Interest rate risk

The principal risk to which the Group is exposed to is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. As part of its management of this position, the Group may use interest rate derivatives.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

#### Foreign currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily the EUR, RON and MLD. The currencies in which these transactions are primarily denominated are EUR, USD, RON and MLD.

Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency. Foreign currency risk is managed principally through monitoring foreign currency mismatches in the structure of assets and liabilities in the individual Group's country operations.

Net investments in foreign operations are not hedged. As a result, the Group's financial position is adequately sensitive to movements of the relevant foreign exchange rates. Impact of such foreign exchange rate changes on the Group's net investment in foreign operations is presented as currency translation in the special purpose consolidated statement of changes in equity.



#### 4. Financial risk management (continued)

##### Market risk (continued)

##### Interest rate gap position based on re-pricing dates

2023

TEUR

| TEUR                                                  | Effective interest rate | Floating interest rate |                    |              | Fixed interest rate or Non specified | Total          |
|-------------------------------------------------------|-------------------------|------------------------|--------------------|--------------|--------------------------------------|----------------|
|                                                       |                         | Less than 3 months     | 3 months to 1 year | 1 to 5 years |                                      |                |
| <b>Interest-bearing financial assets</b>              |                         |                        |                    |              |                                      |                |
| Cash and cash equivalents                             | 0.10%                   | 80.965                 | --                 | --           | 307                                  | 81,272         |
| Restricted deposits                                   | 0.00%                   | --                     | --                 | --           | 7.941                                | 7,941          |
| Loans - due from non-banks                            | 4.14%                   | --                     | --                 | --           | 5.056                                | 5,056          |
| <b>Total interest-bearing financial assets</b>        | --                      | <b>80,965</b>          | --                 | --           | <b>13,304</b>                        | <b>94,269</b>  |
| <b>Interest-bearing financial liabilities</b>         |                         |                        |                    |              |                                      |                |
| Loans - due to non-banks                              | 3.79%                   | --                     | --                 | --           | 1,318                                | 1,318          |
| Loans - due to banks and other financial institutions | 8.06%                   | 31,804                 | 121,671            | --           | --                                   | 153,475        |
| Lease liabilities                                     | 5.65%                   | --                     | --                 | --           | 5,216                                | 5,216          |
| <b>Total interest-bearing financial liabilities</b>   | --                      | <b>31,804</b>          | <b>121,671</b>     | --           | <b>6,534</b>                         | <b>160,009</b> |

2022

TEUR

| TEUR                                                  | Effective interest rate | Floating interest rate |                    |              | Fixed interest rate or Non specified | Total   |
|-------------------------------------------------------|-------------------------|------------------------|--------------------|--------------|--------------------------------------|---------|
|                                                       |                         | Less than 3 months     | 3 months to 1 year | 1 to 5 years |                                      |         |
| Interest-bearing financial assets                     |                         |                        |                    |              |                                      |         |
| Cash and cash equivalents                             | 0.00%                   | 48,657                 | --                 | --           | --                                   | 48,657  |
| Restricted deposits                                   | 0.00%                   | --                     | --                 | --           | 15,380                               | 15,380  |
| Financial assets at amortised cost - deposits         | 0.00%                   | 64                     | --                 | --           | --                                   | 64      |
| Loans - due from non-banks                            | 2.65%                   | --                     | --                 | --           | 4,845                                | 4,845   |
| Total interest-bearing financial assets               | --                      | 48,721                 | --                 | --           | 20,225                               | 68,946  |
| Interest-bearing financial liabilities                |                         |                        |                    |              |                                      |         |
| Loans - due to non-banks                              | 4.88%                   | --                     | --                 | --           | 3,965                                | 3,965   |
| Loans - due to banks and other financial institutions | 8.66%                   | 29,475                 | 111,547            | --           | --                                   | 141,022 |
| Bonds issued                                          | 8.00%                   | --                     | --                 | --           | 2,020                                | 2,020   |
| Lease liabilities                                     | 5.01%                   | --                     | --                 | --           | 3,722                                | 3,722   |
| Total interest-bearing financial liabilities          | --                      | 29,475                 | 111,547            | --           | 9,707                                | 150,729 |

## 4. Financial risk management (continued)

### Market risk (continued)

#### Interest rate gap position based on re-pricing dates (continued)

2021

TEUR

|                                                       | Effective<br>interest<br>rate | Floating interest rate |                       |                 | Fixed<br>interest<br>rate or Non<br>specified | Total          |
|-------------------------------------------------------|-------------------------------|------------------------|-----------------------|-----------------|-----------------------------------------------|----------------|
|                                                       |                               | Less than<br>3 months  | 3 months<br>to 1 year | 1 to 5<br>years |                                               |                |
| <b>Interest-bearing financial assets</b>              |                               |                        |                       |                 |                                               |                |
| Cash and cash equivalents                             | 0.00 %                        | 15,337                 | --                    | --              | 4,446                                         | 19,783         |
| Restricted deposits                                   | 0.00 %                        | --                     | --                    | --              | 919                                           | 919            |
| Financial assets at amortised cost – deposits         | 0.00 %                        | 64                     | --                    | --              | --                                            | 64             |
| Loans - due from non-banks                            | 2.64 %                        | --                     | --                    | --              | 2,368                                         | 2,368          |
| <b>Total interest-bearing financial assets</b>        | --                            | <b>15,401</b>          | <b>--</b>             | <b>--</b>       | <b>7,733</b>                                  | <b>23,134</b>  |
| <b>Interest-bearing financial liabilities</b>         |                               |                        |                       |                 |                                               |                |
| Bank overdraft                                        | 6.14 %                        | 7,607                  | --                    | --              | --                                            | 7,607          |
| Loans - due to non-banks                              | 6.65 %                        | --                     | --                    | --              | 1,736                                         | 1,736          |
| Loans - due to banks and other financial institutions | 4.96 %                        | 10,344                 | 15,738                | --              | 102,266                                       | 128,348        |
| Lease liabilities                                     | 4.56 %                        | --                     | --                    | --              | 1,896                                         | 1,896          |
| <b>Total interest-bearing financial liabilities</b>   | --                            | <b>17,951</b>          | <b>15,738</b>         | <b>--</b>       | <b>105,898</b>                                | <b>139,587</b> |

### Interest rate sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in interest rates based on positions existing as at 31 December 2023, 31 December 2022 and 31 December 2021 and a simplified scenario of a 100bp change in interest rates is shown:

|                                           | Total effect on<br>equity and<br>profit or loss<br>2023<br>TEUR | Total effect on<br>equity and<br>profit or loss<br>2022<br>TEUR | Total effect on<br>equity and<br>profit or loss<br>2021<br>TEUR |
|-------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|-----------------------------------------------------------------|
| Effect of 100bp decrease in interest rate | 1,535                                                           | 1,215                                                           | 441                                                             |
| Effect of 100bp increase in interest rate | (1,535)                                                         | (1,215)                                                         | (441)                                                           |



#### 4. Financial risk management (continued)

##### Market risk (continued)

##### Foreign currency position

2023

| TEUR                                                  | EUR              | USD             | RON            | MDL           | Other      | Total           |
|-------------------------------------------------------|------------------|-----------------|----------------|---------------|------------|-----------------|
| <b>Non-derivative financial assets</b>                |                  |                 |                |               |            |                 |
| Cash and cash equivalents                             | 14,265           | --              | 26,514         | 40,111        | 382        | 81,272          |
| Restricted deposits                                   | 1,000            | --              | 6,941          | --            | --         | 7,941           |
| Financial assets at amortised cost – deposits         | --               | --              | --             | --            | --         | --              |
| Loans - due from non-banks                            | 4,660            | --              | 93             | 303           | --         | 5,056           |
| Trade receivables                                     | 6,330            | --              | 56,430         | 25,626        | --         | 88,386          |
| Other assets*                                         | 782              | --              | 21,722         | 500           | 92         | 23,096          |
| <b>Total financial assets</b>                         | <b>27,037</b>    | <b>--</b>       | <b>111,700</b> | <b>66,540</b> | <b>474</b> | <b>205,751</b>  |
| <b>Non-derivative financial liabilities</b>           |                  |                 |                |               |            |                 |
| Loans - due to non-banks                              | 1,199            | --              | 119            | --            | --         | 1,318           |
| Loans - due to banks and other financial institutions | 139,790          | 11,486          | --             | 2,199         | --         | 153,475         |
| Lease liabilities                                     | 3,470            | --              | 1,746          | --            | --         | 5,216           |
| Bonds issued                                          | --               | --              | --             | --            | --         | --              |
| Trade payables                                        | 731              | 76              | 13,150         | 32,816        | 5          | 46,778          |
| Other liabilities**                                   | 162              | --              | 16,613         | 2,210         | --         | 18,985          |
| <b>Total financial liabilities</b>                    | <b>145,352</b>   | <b>11,562</b>   | <b>31,628</b>  | <b>37,225</b> | <b>5</b>   | <b>225,772</b>  |
| <b>Net position</b>                                   | <b>(118,315)</b> | <b>(11,562)</b> | <b>80,072</b>  | <b>29,315</b> | <b>469</b> | <b>(20,021)</b> |

\* Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.

\*\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

#### 4. Financial risk management (continued)

##### Market risk (continued)

##### Foreign currency position (continued)

2022

| TEUR                                          | EUR           | USD       | RON            | MDL           | Other     | Total          |
|-----------------------------------------------|---------------|-----------|----------------|---------------|-----------|----------------|
| <b>Non-derivative financial assets</b>        |               |           |                |               |           |                |
| Cash and cash equivalents                     | 9,187         | 2         | 33,546         | 5,898         | 24        | 48,657         |
| Restricted deposits                           | 1,826         | --        | 13,554         | --            | --        | 15,380         |
| Financial assets at amortised cost – deposits | --            | --        | 64             | --            | --        | 64             |
| Loans - due from non-banks                    | 4,463         | --        | 76             | 306           | --        | 4,845          |
| Trade receivables                             | 110           | --        | 58,520         | 49,890        | --        | 108,520        |
| Other assets*                                 | --            | --        | 8,566          | --            | --        | 8,566          |
| <b>Subtotal non-derivative instruments</b>    | <b>15,586</b> | <b>2</b>  | <b>114,326</b> | <b>56,094</b> | <b>24</b> | <b>186,032</b> |
| <b>Derivative financial assets</b>            |               |           |                |               |           |                |
| Commodity derivatives – Gas                   | --            | --        | 3,123          | --            | --        | 3,123          |
| <b>Subtotal derivative instruments</b>        | <b>--</b>     | <b>--</b> | <b>3,123</b>   | <b>--</b>     | <b>--</b> | <b>3,123</b>   |
| <b>Total financial assets</b>                 | <b>15,586</b> | <b>2</b>  | <b>117,449</b> | <b>56,094</b> | <b>24</b> | <b>189,155</b> |

| TEUR                                                  | EUR              | USD            | RON           | MDL           | Other     | Total           |
|-------------------------------------------------------|------------------|----------------|---------------|---------------|-----------|-----------------|
| <b>Non-derivative financial liabilities</b>           |                  |                |               |               |           |                 |
| Loans - due to non-banks                              | 3,224            | --             | 741           | --            | --        | 3,965           |
| Loans - due to banks and other financial institutions | 119,911          | 9,077          | --            | 12,034        | --        | 141,022         |
| Lease liabilities                                     | 3,451            | --             | 271           | --            | --        | 3,722           |
| Bonds issued                                          | --               | --             | 2,020         | --            | --        | 2,020           |
| Trade payables                                        | 265              | --             | 11,043        | 7,126         | --        | 18,434          |
| Other liabilities**                                   | 198              | --             | 12,924        | 33,776        | --        | 46,898          |
| <b>Subtotal non-derivative instruments</b>            | <b>127,049</b>   | <b>9,077</b>   | <b>26,999</b> | <b>52,936</b> | <b>--</b> | <b>216,061</b>  |
| <b>Derivative financial liabilities</b>               |                  |                |               |               |           |                 |
| Commodity derivatives – Gas                           | --               | --             | 3,777         | --            | --        | 3,777           |
| <b>Subtotal derivative instruments</b>                | <b>--</b>        | <b>--</b>      | <b>3,777</b>  | <b>--</b>     | <b>--</b> | <b>3,777</b>    |
| <b>Total financial liabilities</b>                    | <b>127,049</b>   | <b>9,077</b>   | <b>30,776</b> | <b>52,936</b> | <b>--</b> | <b>219,838</b>  |
| <b>Net position</b>                                   | <b>(111,463)</b> | <b>(9,075)</b> | <b>86,673</b> | <b>3,158</b>  | <b>24</b> | <b>(30,683)</b> |

\* Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14

\*\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.



#### 4. Financial risk management (continued)

##### Market risk (continued)

##### Foreign currency position (continued)

2021

| TEUR                                                  | EUR             | USD             | RON           | MDL             | Other     | Total           |
|-------------------------------------------------------|-----------------|-----------------|---------------|-----------------|-----------|-----------------|
| <b>Non-derivative financial assets</b>                |                 |                 |               |                 |           |                 |
| Cash and cash equivalents                             | 9,922           | --              | 8,170         | 1,691           | --        | 19,783          |
| Restricted deposits                                   | 448             | --              | 471           | --              | --        | 919             |
| Financial assets at amortised cost – deposits         | --              | --              | 64            | --              | --        | 64              |
| Loans - due from non-banks                            | 2,087           | --              | --            | 281             | --        | 2,368           |
| Trade receivables                                     | --              | --              | 58,411        | 15,565          | --        | 73,976          |
| Other assets*                                         | --              | --              | 2,311         | 1,681           | --        | 3,992           |
| <b>Total financial assets</b>                         | <b>12,457</b>   | <b>--</b>       | <b>69,427</b> | <b>19,218</b>   | <b>--</b> | <b>101,102</b>  |
| <b>Non-derivative financial liabilities</b>           |                 |                 |               |                 |           |                 |
| Bank overdrafts                                       | --              | --              | 7,607         | --              | --        | 7,607           |
| Loans - due to non-banks                              | 1,736           | --              | --            | --              | --        | 1,736           |
| Loans - due to banks and other financial institutions | 86,855          | 11,868          | 24,340        | 5,285           | --        | 128,348         |
| Lease liabilities                                     | 1,572           | --              | 324           | --              | --        | 1,896           |
| Trade payables                                        | 611             | 3               | 6,595         | 14,094          | --        | 21,303          |
| Other liabilities**                                   | 184             | --              | 8,074         | 10,468          | --        | 18,726          |
| <b>Total financial liabilities</b>                    | <b>90,958</b>   | <b>11,871</b>   | <b>46,940</b> | <b>29,847</b>   | <b>--</b> | <b>179,616</b>  |
| <b>Net position</b>                                   | <b>(78,501)</b> | <b>(11,871)</b> | <b>22,487</b> | <b>(10,629)</b> | <b>--</b> | <b>(78,514)</b> |

\* Other assets excluding non-financial assets (other tax receivables, prepaid expenses and advances paid). For more details, refer to Note 14.

\*\*Other liabilities excluding non-financial liabilities (advances received, tax payables and deferred revenues). For more details, refer to Note 20.

##### Foreign currency risk sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2023, 31 December 2022 and 31 December 2021 and a simplified scenario of a 5% change in USD, RON and MDL to EUR exchange rates is shown below:

|                                           | Total effect on equity and profit or loss 2023 | Total effect on equity and profit or loss 2022 | Total effect on equity and profit or loss 2021 |
|-------------------------------------------|------------------------------------------------|------------------------------------------------|------------------------------------------------|
|                                           | TEUR                                           | TEUR                                           | TEUR                                           |
| Effect of 5% USD depreciation against EUR | 578                                            | 454                                            | 594                                            |
| Effect of 5% USD appreciation against EUR | (578)                                          | (454)                                          | (594)                                          |
| Effect of 5% CZK depreciation against EUR | (5)                                            | (1)                                            | --                                             |
| Effect of 5% CZK appreciation against EUR | 5                                              | 1                                              | --                                             |
| Effect of 5% RON depreciation against EUR | (40,036)                                       | (4,334)                                        | (1,124)                                        |
| Effect of 5% RON appreciation against EUR | 40,036                                         | 4,334                                          | 1,124                                          |
| Effect of 5% MDL depreciation against EUR | (14,658)                                       | (158)                                          | 531                                            |
| Effect of 5% MDL appreciation against EUR | 14,658                                         | 158                                            | (531)                                          |

## 4. Financial risk management (continued)

### Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure supporting the activities with financial instruments, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the limiting of financial losses and damage to the Group's reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk is assigned to senior management of the Group. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

### Legal risk

Legal risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

### Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern, while increasing the return to owners through strive for improving the debt-to-equity ratio. The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to ordinary shareholder.

The Group monitors capital using a ratio of 'net debt' to 'equity'. Net debt is calculated as total liabilities (as shown in the special purpose consolidated statement of financial position) less cash and cash equivalents. Equity comprises all components of equity.

The Group's policy is to keep the ratio below 1.95. The Group's net debt-to-equity ratio at 31 December was as follows:

|                                 | 2023           | 2022           | 2021           |
|---------------------------------|----------------|----------------|----------------|
|                                 | TEUR           | TEUR           | TEUR           |
| Total liabilities               | 325,855        | 298,959        | 243,767        |
| Less: Cash and cash equivalents | (81,272)       | (48,657)       | (19,783)       |
| <b>Net debt</b>                 | <b>244,583</b> | <b>250,302</b> | <b>223,984</b> |
| Total Equity                    | 404,985        | 334,915        | 149,359        |
| <b>Net debt-to equity ratio</b> | <b>0.60</b>    | <b>0.75</b>    | <b>1.50</b>    |



## **5. Operating environment**

### **Volatility in global financial markets**

Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

### **Operating environment of the Group**

The Group currently operates in Romania, Moldova, Hungary, Bulgaria, Serbia and Greece through its investments in subsidiaries and associates. Consequently, the Group is exposed to risks that originate from the operating and economic environments in these jurisdictions.

The Group's three core business sectors comprise of: the generation of renewable energy and supply of electricity in Romania and Moldova, the distribution of gas to users and the supply of gas to household and non-household customers in Romania and the distribution of electricity to users and the supply of electricity to household and non-household consumers in Moldova.

Generation, distribution and supply of electricity activities and distribution and supply of gas are regulated both in Romania and Moldova, with rules for, among others, limits for end-prices, regulated tariffs, fixed permitted return on investments, mandatory network investment requirements, regulated size of the distribution networks, public services obligation, and access to end-consumers.

In Romania, while the gas supply market operates on free market principles, allowing the Group to determine its end prices (subject to certain limits) and purchase its own gas from producers or intermediaries, throughout the SEE region, the Romanian gas distribution market is regulated, with Group returns depending on a regulated target for return on investment as applied to a regulated asset base ("RAB") comprising the Group's recognised permitted investments. Also, due to market volatility, the Romanian government has introduced price caps for final consumers up to 31 March 2025. In addition, as a measure to ensure the continuity and safety of gas supply, every licensed supplier which has final consumers in its own portfolio, as well as every thermal energy producer in cogeneration plants and in thermal plants for consumption intended for the population as direct customers of natural gas producers has the obligation to maintain a minimum stock of gas. Romanian ANRE will publish on a yearly basis the level of minimum stock that needs to be reached on a national level for the respective year.

In Moldova both the supply and distribution markets are currently fully regulated, with yearly regulated return on investment rates on the RAB covered by regulated tariffs for distribution services and yearly regulated tariffs for supply services. Moldova's economic outlook indicates robust growth, with a pro-European government driving integration with the EU, as evidenced by the commencement of accession negotiations. Inflation rates have seen volatility, with a sharp increase in recent times, reflecting global economic pressures. The EU's support remains steadfast, particularly in light of challenges posed by the conflict involving Russia and Ukraine, with Moldova receiving significant aid to bolster its economic stability and structural reforms, including energy security. Since 2022 the Moldovan electricity system has been synchronised with the European Network of Transmission System Operators for Electricity ("ENTSO-E") system, allowing for imports both from Ukraine and Romania. The interconnection capacity of the Moldovan system with its neighbours has been increased since 2022.

## **6. Operating segments**

The Group has applied the criteria of IFRS 8, 'Operating Segments' to determine the number and type of operating segments. According to this standard an operating segment is a component carrying out business operations whose operating income is evaluated regularly by the Group's highest executive decision makers and about which separate financial information is available. The Group's Operating segments were determined in connection with the nature of the business and how the operations are managed by the Group's operating decision makers. The Group reports four operating segments based on geographical segmentation and revenue streams: Romania Renewable Energy, Natural Gas, Moldova Electricity and Corporate.

The information monitored by management based on Group's goals and strategies. Management monitors the revenue generated and the profitability of each operating segment. This involves comparing revenue, costs and profits across segments to identify areas of strengths and weakness.

The operating segments are determined based on the Group's management and internal reporting structure. As required by IFRS 8, the Group provides information on the business activities in which the Group engages.

The Group operates in Romania, Moldova, Hungary, Serbia and Cyprus. Romanian entities operate in the area of renewable energy generation, management and sale as well as in the sale and distribution of natural gas. Moldovan entities operate in the area of sale and distribution of electricity and in the area of renewable energy generation, management and sale. The Group also operates an energy supply business in Hungary and Serbia. The Corporate entities are primarily based in Cyprus and are intended for management of the Group, financing and investing activities. Details for revenue streams are included in Note 25. Revenues and expenses related to core operations.



**6. Operating segments (continued)**

The following tables provide the information about the reportable segments:

| 2023<br>TEUR                                                       | Romania<br>Renewable<br>energy* | Natural<br>Gas  | Moldova<br>Electricity | Corporate       | Total            |
|--------------------------------------------------------------------|---------------------------------|-----------------|------------------------|-----------------|------------------|
| <b>Revenues</b>                                                    | <b>186,237</b>                  | <b>306,081</b>  | <b>419,657</b>         | <b>--</b>       | <b>911,975</b>   |
| <b>Profit/(Loss) from operations</b>                               | <b>41,125</b>                   | <b>10,255</b>   | <b>64,738</b>          | <b>(3,460)</b>  | <b>112,658</b>   |
| <i>Out of which material non-cash items:</i>                       |                                 |                 |                        |                 |                  |
| Gain on bargain purchase                                           | 4,037                           | --              | --                     | --              | 4,037            |
| Depreciation and amortisation                                      | (4,024)                         | (4,726)         | (10,359)               | --              | (19,109)         |
| Impairment losses on loans and receivables                         | (15)                            | 1,024           | 41                     | 58              | 1,108            |
| Impairment losses on property, plant and equipment and intangibles | --                              | 177             | 11                     | --              | 188              |
| <b>Profit/(Loss) before tax</b>                                    | <b>39,413</b>                   | <b>8,671</b>    | <b>63,215</b>          | <b>(9,001)</b>  | <b>102,298</b>   |
| <i>Out of which:</i>                                               |                                 |                 |                        |                 |                  |
| Interest income                                                    | 988                             | 319             | 739                    | 277             | 2,323            |
| Interest expense                                                   | (2,699)                         | (945)           | (1,206)                | (5,818)         | (10,668)         |
| <b>Profit/(loss) after tax</b>                                     | <b>26,434</b>                   | <b>6,224</b>    | <b>55,305</b>          | <b>(9,001)</b>  | <b>78,962</b>    |
| <i>Out of which:</i>                                               |                                 |                 |                        |                 |                  |
| Income tax                                                         | (12,979)                        | (2,447)         | (7,910)                | --              | (23,336)         |
| <b>Assets</b>                                                      | <b>156,293</b>                  | <b>275,286</b>  | <b>286,720</b>         | <b>12,541</b>   | <b>730,840</b>   |
| <b>Liabilities</b>                                                 | <b>(63,125)</b>                 | <b>(94,261)</b> | <b>(83,092)</b>        | <b>(85,377)</b> | <b>(325,855)</b> |
| <b>Capital expenditure**</b>                                       | <b>12,604</b>                   | <b>21,159</b>   | <b>25,718</b>          | <b>--</b>       | <b>59,481</b>    |

\*Green energy revenue recognition please see in Note 3n.

\*\*The capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB). Approximately EUR 19.1 million of the capital expenditure within the Moldova Electricity segment was invested into the electricity distribution network (and will become part of RAB) while approximately EUR 6.6 million was an investment into new renewable energy generation assets.

## 6. Operating segments (continued)

| 2022<br>TEUR                                                       | Romania<br>Renewable<br>energy* | Natural<br>Gas  | Moldova<br>Electricity | Corporate       | Total            |
|--------------------------------------------------------------------|---------------------------------|-----------------|------------------------|-----------------|------------------|
| <b>Revenues</b>                                                    | <b>148,910</b>                  | <b>576,060</b>  | <b>371,200</b>         | <b>--</b>       | <b>1,096,170</b> |
| <b>Profit/(Loss) from operations</b>                               | <b>62,962</b>                   | <b>150,228</b>  | <b>22,961</b>          | <b>(1,638)</b>  | <b>234,513</b>   |
| <i>Out of which material non-cash items:</i>                       |                                 |                 |                        |                 |                  |
| Gain on bargain purchase                                           | 10,843                          | --              | --                     | --              | 10,843           |
| Depreciation and amortisation                                      | (2,753)                         | (4,920)         | (9,848)                | --              | (17,521)         |
| Impairment losses on loans and receivables                         | --                              | (1,078)         | (119)                  | (48)            | (1,245)          |
| Impairment losses on property, plant and equipment and intangibles | --                              | (509)           | (14)                   | --              | (523)            |
| Change in fair value of derivatives                                | --                              | 76,444          | --                     | --              | 76,444           |
| <b>Profit/(Loss) before tax</b>                                    | <b>61,431</b>                   | <b>148,040</b>  | <b>19,741</b>          | <b>(4,712)</b>  | <b>224,500</b>   |
| <i>Out of which:</i>                                               |                                 |                 |                        |                 |                  |
| Interest income                                                    | 502                             | 340             | 201                    | 113             | 1,156            |
| Interest expense                                                   | (1,866)                         | (1,152)         | (2,373)                | (4,105)         | (9,496)          |
| <b>Profit/(loss) after tax</b>                                     | <b>46,909</b>                   | <b>124,163</b>  | <b>16,913</b>          | <b>(4,741)</b>  | <b>183,244</b>   |
| <i>Out of which:</i>                                               |                                 |                 |                        |                 |                  |
| Income tax                                                         | (14,522)                        | (23,877)        | (2,828)                | (29)            | (41,256)         |
| <b>Assets</b>                                                      | <b>123,909</b>                  | <b>256,609</b>  | <b>251,300</b>         | <b>2,056</b>    | <b>633,874</b>   |
| <b>Liabilities</b>                                                 | <b>(46,885)</b>                 | <b>(80,060)</b> | <b>(97,599)</b>        | <b>(74,415)</b> | <b>(298,959)</b> |
| <b>Capital expenditure**</b>                                       | <b>609</b>                      | <b>18,662</b>   | <b>17,357</b>          | <b>--</b>       | <b>36,628</b>    |

\*Green energy revenue recognition please see in Note 3n.

\*\*The capital expenditure within the Romania Renewable Energy segment principally represents investments into renewable energy generation sources while the capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB). The capital expenditure within the Moldova Electricity segment was predominantly invested into the electricity distribution network (and will become part of RAB).



## 6. Operating segments (continued)

| 2021<br>TEUR                                                       | Natural<br>Gas  | Moldova<br>Electricity | Corporate       | Total            |
|--------------------------------------------------------------------|-----------------|------------------------|-----------------|------------------|
| <b>Revenues</b>                                                    | <b>209,933</b>  | <b>191,747</b>         | <b>--</b>       | <b>401,680</b>   |
| <b>Profit/(Loss) from operations</b>                               | <b>38,276</b>   | <b>(4,519)</b>         | <b>(886)</b>    | <b>32,871</b>    |
| <i>Out of which material non-cash items:</i>                       |                 |                        |                 |                  |
| Gain on bargain purchase                                           | 1,205           | --                     | --              | 1,205            |
| Depreciation and amortisation                                      | (5,332)         | (9,000)                | --              | (14,332)         |
| Reversal of impairment losses on loans and receivables             | 57              | 118                    | 4               | 179              |
| Impairment losses on property, plant and equipment and intangibles | (26)            | --                     | --              | (26)             |
| <b>Profit/(Loss) before tax</b>                                    | <b>36,479</b>   | <b>(4,925)</b>         | <b>(3,933)</b>  | <b>27,621</b>    |
| <i>Out of which:</i>                                               |                 |                        |                 |                  |
| Interest income                                                    | 3               | 41                     | 62              | 106              |
| Interest expense                                                   | (1,767)         | (786)                  | (2,894)         | (5,447)          |
| <b>Profit/(loss) after tax</b>                                     | <b>30,850</b>   | <b>(4,605)</b>         | <b>(3,933)</b>  | <b>22,312</b>    |
| <i>Out of which:</i>                                               |                 |                        |                 |                  |
| Income tax                                                         | (5,629)         | 320                    | --              | (5,309)          |
| <b>Assets</b>                                                      | <b>177,208</b>  | <b>212,120</b>         | <b>3,798</b>    | <b>393,126</b>   |
| <b>Liabilities</b>                                                 | <b>(85,417)</b> | <b>(71,600)</b>        | <b>(84,047)</b> | <b>(241,064)</b> |
| <b>Capital expenditure*</b>                                        | <b>3,981</b>    | <b>13,651</b>          | <b>--</b>       | <b>17,632</b>    |

\*The capital expenditure within the Natural Gas segment represents primarily investments into the natural gas distribution network (and will become part of RAB) while the capital expenditure within the Moldova Electricity segment was predominantly invested into the electricity distribution network (and will become part of RAB).

**7. Intangible assets**

|                                            | Goodwill      | Software     | Trademarks | Right-of-use<br>asset | Other<br>intangible<br>assets | Total         |
|--------------------------------------------|---------------|--------------|------------|-----------------------|-------------------------------|---------------|
|                                            | TEUR          | TEUR         | TEUR       | TEUR                  | TEUR                          | TEUR          |
| <b>Acquisition cost</b>                    |               |              |            |                       |                               |               |
| <b>2021</b>                                |               |              |            |                       |                               |               |
| Balance as at 1 January 2021               | 7,413         | 3,452        | --         | --                    | 170                           | 11,035        |
| Additions                                  | --            | 637          | --         | --                    | --                            | 637           |
| Disposals                                  | --            | (1,195)      | --         | --                    | --                            | (1,195)       |
| Translation difference                     | (34)          | 154          | --         | --                    | (3)                           | 117           |
| <b>Balance as at 31 December 2021</b>      | <b>7,379</b>  | <b>3,048</b> | <b>--</b>  | <b>--</b>             | <b>167</b>                    | <b>10,594</b> |
| <b>2022</b>                                |               |              |            |                       |                               |               |
| Balance as at 1 January 2022               | 7,379         | 3,048        | --         | --                    | 167                           | 10,594        |
| Acquisitions through business combinations | 9,798         | --           | --         | --                    | 21,187                        | 30,985        |
| Additions                                  | --            | 1,255        | --         | --                    | --                            | 1,255         |
| Additions through internal development     | --            | 105          | --         | --                    | --                            | 105           |
| Translation difference                     | (1)           | (36)         | --         | --                    | (1)                           | (38)          |
| <b>Balance as at 31 December 2022</b>      | <b>17,176</b> | <b>4,372</b> | <b>--</b>  | <b>--</b>             | <b>21,353</b>                 | <b>42,901</b> |
| <b>2023</b>                                |               |              |            |                       |                               |               |
| Balance as at 1 January 2023               | 17,176        | 4,372        | --         | --                    | 21,353                        | 42,901        |
| Acquisitions through business combinations | 1,893         | 262          | --         | 217                   | 4,534                         | 6,906         |
| Acquisitions through asset deal            | --            | --           | --         | --                    | 82                            | 82            |
| Additions                                  | --            | 1,510        | 2          | 222                   | 29                            | 1,763         |
| Additions through internal development     | --            | --           | --         | --                    | 1                             | 1             |
| Translation difference                     | (46)          | 103          | --         | (4)                   | (118)                         | (65)          |
| <b>Balance as at 31 December 2023</b>      | <b>19,023</b> | <b>6,247</b> | <b>2</b>   | <b>435</b>            | <b>25,881</b>                 | <b>51,588</b> |



## 7. Intangible assets (continued)

|                                       | Goodwill  | Software       | Trademarks | Right-of-use asset | Other intangible assets | Total          |
|---------------------------------------|-----------|----------------|------------|--------------------|-------------------------|----------------|
|                                       | TEUR      | TEUR           | TEUR       | TEUR               | TEUR                    | TEUR           |
| <b>Accumulated amortization</b>       |           |                |            |                    |                         |                |
| <b>2021</b>                           |           |                |            |                    |                         |                |
| Balance as at 1 January 2021          | --        | (1,119)        | --         | --                 | (1)                     | (1,120)        |
| Charge for the year                   | --        | (348)          |            |                    | (2)                     | (350)          |
| Disposals                             | --        | 1,194          |            |                    | --                      | 1,194          |
| Translation difference                | --        | 63             |            |                    | --                      | 63             |
| <b>Balance as at 31 December 2021</b> | <b>--</b> | <b>(210)</b>   | <b>--</b>  | <b>--</b>          | <b>(3)</b>              | <b>(213)</b>   |
| <b>2022</b>                           |           |                |            |                    |                         |                |
| Balance as at 1 January 2022          | --        | (210)          | --         | --                 | (3)                     | (213)          |
| Charge for the year                   | --        | (418)          |            |                    | (1,168)                 | (1,586)        |
| Translation difference                |           | (2)            |            |                    | (1)                     | (3)            |
| <b>Balance as at 31 December 2022</b> | <b>--</b> | <b>(630)</b>   | <b>--</b>  | <b>--</b>          | <b>(1,172)</b>          | <b>(1,802)</b> |
| <b>2023</b>                           |           |                |            |                    |                         |                |
| Balance as at 1 January 2023          | --        | (630)          | --         | --                 | (1,172)                 | (1,802)        |
| Charge for the year                   | --        | (661)          | --         | (6)                | (1,406)                 | (2,073)        |
| Translation difference                |           | 26             | --         | --                 | 20                      | 46             |
| <b>Balance as at 31 December 2023</b> | <b>--</b> | <b>(1,265)</b> | <b>--</b>  | <b>(6)</b>         | <b>(2,558)</b>          | <b>(3,829)</b> |
| <b>Carrying amount</b>                |           |                |            |                    |                         |                |
| As at 31 December 2021                | 7,379     | 2,838          | --         | --                 | 164                     | 10,381         |
| As at 31 December 2022                | 17,176    | 3,742          | --         | --                 | 20,181                  | 41,099         |
| As at 31 December 2023                | 19,023    | 4,982          | 2          | 429                | 23,323                  | 47,759         |

## **7. Intangible assets (continued)**

In 2023, the goodwill of TEUR 1,893 was recognised as a result of the business combinations (refer to Note 1) and is comprised of:

- Goodwill of TEUR 560 resulting from the acquisition of DA VINCI NEW PROJECT S.R.L.
- Goodwill of TEUR 1,333 resulting from the acquisition of PROGAZ P&D S.A.

In 2023, acquisition of intangible assets through business combination relates to the acquisitions in Romania described in Note 1. The acquired intangible assets are comprised mainly of project rights related to DA VINCI NEW PROJECT S.R.L. of TEUR 4,533 with finite useful life of 25 years (the amortization is expected in the second half of 2024, right-of-use assets in total amount of TEUR 217 and software in total amount of TEUR 262.

In 2022, the goodwill of TEUR 9,798 was recognised as a result of business combinations (refer to Note 1) and is comprised of:

- Goodwill of TEUR 7,562 resulting from the acquisition of ALIVE CAPITAL S.A.
- Goodwill of TEUR 1,986 resulting from the acquisition of ENERGIA MILENIULUI III S.A.
- Goodwill of TEUR 250 resulting from the acquisition of HARGAZ HARGHITA GAZ S.A.

In 2022, acquisition of intangible assets through business combination relates to the acquisitions in Romania described in Note 1. The acquired intangible assets are comprised mainly of project rights related to the 99 MW wind plant project near the town of Razboieni in Romania of TEUR 7,486 with finite useful life of 25 years (the amortization is expected to commence in 2025) and other intangibles in total amount of TEUR 13,701 as a result of the ALIVE CAPITAL S.A. acquisition.

In 2021 there were no acquisition through business combination that resulted in goodwill.

Additions during 2021, related to the acquisition of a new software system in the electricity distribution business in Moldova which disposed the previous fully depreciated software.

The Group carried out the assessment of estimated remaining useful lives and amortization rates of intangible assets with finite useful lives as at 31 December 2023, 31 December 2022 and 31 December 2021 and no adjustment is required.

Determining whether goodwill is impaired requires an estimation of its recoverable amount. The recoverable amount is based on the value in use calculations of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group and management to estimate the post-tax future cash flows expected to arise from the cash-generating units over the remaining life of the concession, primarily over the next 29 years, including both natural gas distribution and supply revenues and operating profits based on expectations of future outcomes taking into account past experience while adjusting for anticipated inflation-related revenue and cost growth and using a suitable pre-tax discount rate of 9.6% (2022: 8.0% 2021: 6.0%) for the analysis performed as of 31 December 2023, 31 December 2022 and 31 December 2021 in order to calculate the present value. The average annual revenue growth rate over the 29-year period was flat. The discount rate was based on the 10-year government bonds issued by the government in the relevant market and in the same currency as the cash flows, adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specified cash generating unit of the Group.

For the renewable energy, the assessments require the use of different estimates and assumptions such as energy prices, discount rates, renewable energy production of our own or managed assets, growth rates as well as gross margins. The key estimates and assumptions used bear the risk of change due to the inherent volatile nature of various macro-economic factors and the uncertainty in asset or CGU specific factors like volume of the electricity sold correlated with the renewable energy production profiles, which can impact the recoverable amount of assets and/or CGUs. The margin assumptions used in impairment testing are based on management's best estimate and were consistent with prior year's results as well as with the external sources. Besides discount rates, the main valuation assumptions for the calculation of the recoverable amounts are the gross margin of the sale of electricity (being the differences between the electricity prices, the cost of electricity as well as imbalances) and the renewable energy production of the assets owned or managed by the Group. The assumptions used for the electricity prices are based on long term forecasting report prepared by ALEA Soft Energy Forecasting, considering specifics of local market as well as the correlation between the local and regional markets.

The Group carried out the impairment analysis and concluded that there were no impairments that should be recorded as at 31 December 2023, 31 December 2022 and 31 December 2021.



**8. Property, plant and equipment**

|                                            | Land and<br>buildings | Vehicles<br>and<br>Other<br>tangible<br>assets and<br>equipment | Right-of-<br>use asset | Tangible<br>assets under<br>construction | Electricity<br>distribution<br>network | Gas<br>distribution<br>networks | Advance<br>payments | Total          |
|--------------------------------------------|-----------------------|-----------------------------------------------------------------|------------------------|------------------------------------------|----------------------------------------|---------------------------------|---------------------|----------------|
|                                            | TEUR                  | TEUR                                                            | TEUR                   | TEUR                                     | TEUR                                   | TEUR                            | TEUR                | TEUR           |
| <b>Acquisition cost</b>                    |                       |                                                                 |                        |                                          |                                        |                                 |                     |                |
| <b>2021</b>                                |                       |                                                                 |                        |                                          |                                        |                                 |                     |                |
| Balance as at 1 January 2021               | 7,466                 | 7,083                                                           | 2,875                  | 5,071                                    | 169,976                                | 52,393                          | 347                 | 245,211        |
| Acquisitions through business combinations | --                    | 72                                                              | --                     | --                                       | --                                     | 1,416                           | --                  | 1,488          |
| Additions                                  | 27                    | 2,009                                                           | 218                    | 2,269                                    | 9,440                                  | 3,030                           | 2                   | 16,995         |
| Disposals                                  | (341)                 | (450)                                                           | --                     | (178)                                    | (1,317)                                | (70)                            | (345)               | (2,701)        |
| Revaluation                                | --                    | --                                                              | --                     | --                                       | --                                     | 8,329                           | --                  | 8,329          |
| Transfers                                  | 4,337                 | (997)                                                           | --                     | (1,849)                                  | (1,514)                                | --                              | 23                  | --             |
| Translation differences                    | 528                   | 9                                                               | (181)                  | 151                                      | 9,022                                  | (1,048)                         | (5)                 | 8,476          |
| <b>Balance as at 31 December 2021</b>      | <b>12,017</b>         | <b>7,726</b>                                                    | <b>2,912</b>           | <b>5,464</b>                             | <b>185,607</b>                         | <b>64,050</b>                   | <b>22</b>           | <b>277,798</b> |
| <b>2022</b>                                |                       |                                                                 |                        |                                          |                                        |                                 |                     |                |
| Balance as at 1 January 2022               | 12,017                | 7,726                                                           | 2,912                  | 5,464                                    | 185,607                                | 64,050                          | 22                  | 277,798        |
| Acquisitions through business combinations | 240                   | 36,307                                                          | 2,316                  | 116                                      | --                                     | 2,210                           | --                  | 41,189         |
| Acquisitions through asset deals           | 1,357                 | --                                                              | --                     | 7,069                                    | --                                     | --                              | --                  | 8,426          |
| Additions                                  | 14                    | 1,138                                                           | 612                    | 12,834                                   | 11,839                                 | 8,712                           | 224                 | 35,373         |
| Change in lease contracts conditions       | --                    | --                                                              | (652)                  | --                                       | --                                     | --                              | --                  | (652)          |
| Disposals                                  | (107)                 | (215)                                                           | --                     | (2,581)                                  | (1,398)                                | --                              | (22)                | (4,323)        |
| Revaluation                                | --                    | --                                                              | --                     | --                                       | --                                     | (213)                           | --                  | (213)          |
| Transfers                                  | 212                   | 9                                                               | --                     | (1,400)                                  | 1,179                                  | --                              | --                  | --             |
| Translation differences                    | (166)                 | (162)                                                           | (3)                    | (180)                                    | (2,878)                                | 743                             | (5)                 | (2,651)        |
| <b>Balance as at 31 December 2022</b>      | <b>13,567</b>         | <b>44,803</b>                                                   | <b>5,185</b>           | <b>21,322</b>                            | <b>194,349</b>                         | <b>75,502</b>                   | <b>219</b>          | <b>354,947</b> |
| <b>2023</b>                                |                       |                                                                 |                        |                                          |                                        |                                 |                     |                |
| Balance as at 1 January 2023               | 13,567                | 44,803                                                          | 5,185                  | 21,322                                   | 194,349                                | 75,502                          | 219                 | 354,947        |
| Acquisitions through business combinations | 7,527                 | 12,683                                                          | 422                    | 1,550                                    | -                                      | 2,032                           | -                   | 24,214         |
| Acquisitions through asset deals           | 1,616                 | 1,215                                                           | --                     | --                                       | --                                     | --                              | --                  | 2,831          |
| Additions                                  | 60                    | 969                                                             | 1,353                  | 29,288                                   | 12,868                                 | 4,700                           | 8,480               | 57,718         |
| Change in lease contracts conditions       | --                    | --                                                              | --                     | --                                       | --                                     | --                              | --                  | --             |
| Disposals                                  | (64)                  | (4,082)                                                         | (14)                   | (1,683)                                  | (1,855)                                | --                              | (227)               | (7,925)        |
| Transfers                                  | 873                   | 518                                                             | -                      | (16,559)                                 | 5,666                                  | 9,502                           | --                  | --             |
| Revaluation                                | --                    | --                                                              | --                     | --                                       | --                                     | 10,295                          | --                  | 10,295         |
| Translation differences                    | 61                    | (21)                                                            | (36)                   | (34)                                     | 10,794                                 | (1,586)                         | 37                  | 9,215          |
| <b>Balance as at 31 December 2023</b>      | <b>23,640</b>         | <b>56,085</b>                                                   | <b>6,910</b>           | <b>33,884</b>                            | <b>221,822</b>                         | <b>100,446</b>                  | <b>8,509</b>        | <b>451,296</b> |

**8. Property, plant and equipment (continued)**

|                                                 | Land and<br>buildings | Vehicles<br>and Other<br>tangible<br>assets and<br>equipment | Right-of-<br>use asset | Tangible<br>assets under<br>construction | Electricity<br>distribution<br>network | Gas<br>distribution<br>networks | Advance<br>payments | Total           |
|-------------------------------------------------|-----------------------|--------------------------------------------------------------|------------------------|------------------------------------------|----------------------------------------|---------------------------------|---------------------|-----------------|
|                                                 | TEUR                  | TEUR                                                         | TEUR                   | TEUR                                     | TEUR                                   |                                 | TEUR                | TEUR            |
| <b>Accumulated depreciation and impairment</b>  |                       |                                                              |                        |                                          |                                        |                                 |                     |                 |
| <b>2021</b>                                     |                       |                                                              |                        |                                          |                                        |                                 |                     |                 |
| Balance as at 1 January 2021                    | (368)                 | (3,381)                                                      | (821)                  | (1,010)                                  | (7,138)                                | (576)                           | --                  | (13,294)        |
| Charge for the year                             | (384)                 | (2,082)                                                      | (312)                  | --                                       | (7,838)                                | (3,366)                         | --                  | (13,982)        |
| (Impairment loss) / reversal of impairment loss | --                    | --                                                           | --                     | (64)                                     | --                                     | 38                              | --                  | (26)            |
| Revaluation                                     | --                    | --                                                           | --                     | --                                       | --                                     | (38)                            | --                  | (38)            |
| Disposals                                       | 79                    | 396                                                          | --                     | --                                       | 1,288                                  | 70                              | --                  | 1,833           |
| Transfers                                       | --                    | 829                                                          | (220)                  | (588)                                    | (21)                                   | --                              | --                  | --              |
| Translation difference                          | (35)                  | 368                                                          | 87                     | 11                                       | (652)                                  | (31)                            | --                  | (252)           |
| <b>Balance as at 31 December 2021</b>           | <b>(708)</b>          | <b>(3,870)</b>                                               | <b>(1,266)</b>         | <b>(1,651)</b>                           | <b>(14,361)</b>                        | <b>(3,903)</b>                  | <b>--</b>           | <b>(25,759)</b> |
| <b>2022</b>                                     |                       |                                                              |                        |                                          |                                        |                                 |                     |                 |
| Balance as at 1 January 2022                    | (708)                 | (3,870)                                                      | (1,266)                | (1,651)                                  | (14,361)                               | (3,903)                         | --                  | (25,759)        |
| Charge for the year                             | (404)                 | (2,557)                                                      | (475)                  | --                                       | (8,590)                                | (3,909)                         | --                  | (15,935)        |
| (Impairment loss) / reversal of impairment loss | --                    | --                                                           | --                     | (173)                                    | --                                     | (350)                           | --                  | (523)           |
| Revaluation                                     | --                    | --                                                           | --                     | --                                       | --                                     | 350                             | --                  | 350             |
| Disposals                                       | 93                    | 249                                                          | --                     | --                                       | 1,378                                  | --                              | --                  | 1,720           |
| Transfers                                       | (1)                   | --                                                           | --                     | --                                       | 1                                      | --                              | --                  | --              |
| Translation difference                          | 18                    | 100                                                          | 3                      | 4                                        | 374                                    | 10                              | --                  | 509             |
| <b>Balance as at 31 December 2022</b>           | <b>(1,002)</b>        | <b>(6,078)</b>                                               | <b>(1,738)</b>         | <b>(1,820)</b>                           | <b>(21,198)</b>                        | <b>(7,802)</b>                  | <b>--</b>           | <b>(39,638)</b> |
| <b>2023</b>                                     |                       |                                                              |                        |                                          |                                        |                                 |                     |                 |
| Balance as at 1 January 2023                    | (1,002)               | (6,078)                                                      | (1,738)                | (1,820)                                  | (21,198)                               | (7,802)                         | --                  | (39,638)        |
| Charge for the year                             | (723)                 | (3,131)                                                      | (237)                  | --                                       | (9,051)                                | (3,894)                         | --                  | (17,036)        |
| (Impairment loss) / reversal of impairment loss | --                    | --                                                           | --                     | 188                                      | --                                     | --                              | --                  | 188             |
| Revaluation                                     | --                    | --                                                           | --                     | --                                       | --                                     | 309                             | --                  | 309             |
| Disposals                                       | --                    | 2,932                                                        | --                     | --                                       | 1,832                                  | --                              | --                  | 4,764           |
| Transfers                                       | --                    | --                                                           | --                     | --                                       | --                                     | --                              | --                  | --              |
| Translation difference                          | 329                   | 116                                                          | 11                     | 110                                      | (1,514)                                | 198                             | --                  | (750)           |
| <b>Balance as at 31 December 2023</b>           | <b>(1,396)</b>        | <b>(6,161)</b>                                               | <b>(1,964)</b>         | <b>(1,522)</b>                           | <b>(29,931)</b>                        | <b>(11,190)</b>                 | <b>--</b>           | <b>(52,164)</b> |
| <b>Carrying amount</b>                          |                       |                                                              |                        |                                          |                                        |                                 |                     |                 |
| As at 31 December 2021                          | 11,309                | 3,856                                                        | 1,646                  | 3,813                                    | 171,246                                | 60,147                          | 22                  | 252,039         |
| As at 31 December 2022                          | 12,565                | 38,725                                                       | 3,447                  | 19,502                                   | 173,151                                | 67,700                          | 219                 | 315,309         |
| As at 31 December 2023                          | 22,244                | 49,924                                                       | 4,946                  | 32,362                                   | 191,891                                | 89,256                          | 8,509               | 399,132         |



## **8. Property, plant and equipment (continued)**

In 2023, acquisitions through business combinations and asset deals amounted to TEUR 27,045. Acquisitions comprise of ENEX NALBANT RENEWABLE S.R.L., a wind electricity generation plant in Romania near the town of Nalbant (TEUR 19,044), solar plants in Romania (TEUR 5,872) and a gas distribution network in Romania (TEUR 2,129) described in Note 1.

In 2022, acquisitions through business combinations and asset deals amounted to TEUR 49,615. Acquisitions comprise of ECOENERGIA S.R.L., consisting of 15 wind turbines and land that the turbines are installed on in Romania near the town of Stejaru (TEUR 35,920), a 99 MW wind plant development near the town of Razboieni (TEUR 2,316), natural gas distribution and supply networks in Harghita county (TEUR 2,427), land for a photovoltaic power plant with connection to the distribution network (TEUR 526) and the acquisition of a cogeneration plant, buildings and land in the town of Fagarash (TEUR 8,426) described in Note 1.

In 2021, acquisitions through business combinations of TEUR 1,488 relate to an acquisition of 2 natural gas infrastructure concession arrangements in the towns of Matca and Ivesti in the county of Galati, Romania, described in Note 1.

In 2023, 2022 and 2021, additions relate to the construction of electricity networks (power stations, transformers etc.) and/or modernization of the distribution power lines along with additions to the natural gas distribution infrastructure network. In 2021, the Moldovan subsidiary disposed of a building and other assets for the total selling price of TEUR 995 (TMDL 20,000) and recognized a gain on disposal of TEUR 532 (refer to Note 29). In 2022, the Group recognised a gain on disposal of TEUR 56 (Note 29) from the sale of property, plant and equipment.

In 2023, depreciation amount of TEUR 17,036 (2022: TEUR 15,935; 2021: TEUR 13,982) was recognised in profit or loss.

The Group carried out the assessment of estimated remaining useful lives and depreciation rates of property, plant and equipment as at 31 December 2023, 31 December 2022, 31 December 2021 and no adjustment is required. For the useful life, refer to Note 3 (e).

The Group carried out the impairment indicators analysis and concluded that there were no impairment indicators as at 31 December 2023, 31 December 2022 and 31 December 2021.

For pledges on property, refer to Note 18. Loans and borrowings.

### ***Fair value hierarchy***

Due to the specialized nature of the gas distribution sector (regulated sector), the assets subject to valuation can only produce economic value associated with the natural gas distribution license held by the operator and with the concession contract related to the location where they are located. These conditions lead to the conclusion that these assets are specialised assets and can only produce economic value associated with certain economic entities that meet certain regulatory requirements. The assets were valued taking into account the existing regulatory framework.

The valued assets are used in a regulated sector, where operating tariffs are set and implicitly determine a certain profitability of the activity and a certain return on assets. Changes in specific regulatory legislation may occur periodically in accordance with government strategy. These changes in specific legislation may have an important impact on the estimated value of assets. The fair value measurement for all the gas distribution network has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

The key unobservable inputs included in the revaluation report are the inflation rate at 6% used for the growth and the WACC at 9.64% used as discount rate. The estimated fair value would increase (decrease) if a) the inflation rate was higher (lower) and b) the WACC was higher (lower). If the inflation increases/(decreases) by 0,5%, the fair value will increase/(decrease) by TEUR 2. If WACC increases/(decreases) by 1% the fair value will (decrease)/increase by TEUR 5.



## **8. Property, plant and equipment (continued)**

### ***Fair value hierarchy (continued)***

The fair value of the gas distribution network was determined by external, independent property values, having appropriate recognised professional qualifications and experience in the location and category of assets being valued. It was considered that the most appropriate approach for the intended purpose is the cost approach, especially due to the fact the assets subject to valuation are assets that cannot move to other locations, represent specialised assets and a relevant trading market could not be identified.

The vast majority of assets are gas distribution networks grouped in approximately 28 locations. The asset valuation involved the Replacement Cost, Net technique. For this purpose, the gross replacement cost was first estimated using one of the following techniques:

- multiplication of the physical dimensions of these assets with the estimated unit values specific to each fixed asset (value/cubic meter, value/sqm, value/length, etc.) for the Reference Date. For example, for buildings the estimated unit cost (lei/sqm) was multiplied by the built area and for pipes and connections the estimated unit cost (lei/meter) was multiplied by its length.
- multiplication of the indexation base (consisting of the acquisition value or replacement value resulted from the last revaluation), with industrial sector specific price indexes related to the period elapsed from the moment of determining the indexation base to the Reference Date (applicable especially in the case of special constructions).

The net replacement cost (and thus the estimate of fair value) was determined by applying a degree of physical, functional and/or economic impairment to gross replacement value.

As regards economic obsolescence, the estimation process takes into account the ability of these assets to recover value by generating sufficient future economic benefits. In this respect, for fixed assets such as pipes and connections, a depreciation test was carried out on the initially estimated value (net replacement cost) by reference to potential future cash flows. This analysis was carried out starting from the regulatory basis in force, the operating costs accepted by ANRE, the regulated assets base (RAB) existing at the Reference Date.

### **Leases**

The right-of-use tangible assets are recognised in accordance with IFRS 16 and are mainly represented by leased premises of Romanian offices and leased land for renewable production assets. As at 31 December 2023, the Group recorded lease liabilities related to right-of-use assets for the total amount of TEUR 5,216 (2022: 3,722, 2021: TEUR 1,896). Interest expense in respect to lease liabilities for the year 2023 amounted to TEUR 80 (2022: TEUR 186, 2021: TEUR 67). For more information, refer to Note 3 (f). For effective interest rate used and undiscounted cash flows, refer to Note 4. For reconciliation of movements of lease liabilities to cash flows arising from financing activities, refer to Note 18. For interest on lease liabilities, refer to Note 31.

In relation to the acquisition of DA VINCI NEW PROJECT S.R.L. the Group disclosed new lease liabilities in the amount of TEUR 422 and right-of-use asset in the amount of TEUR 422 as at 31 December 2023.

In relation to the acquisition of ENERGIA MILENIULUI III S.A. the Group disclosed lease liabilities and right-of-use asset of the leases not yet commenced to which the lessee is committed. These contracts will commence on 1<sup>st</sup> December 2024 and terminate on 1<sup>st</sup> December 2060. As at 31 December 2023, the Group disclosed lease liabilities related to these leases in the total amount of TEUR 1,738 (2022: TEUR 1,786, as at the acquisition: TEUR 2,316) and the right-of-use asset in the total amount of TEUR 1,738 (2022: TEUR 1,663, as at the acquisition: TEUR 2,316). Interest expense in respect to these lease liabilities for the year 2023 amounted to TEUR 0 (2022: TEUR 124). For more information of the acquisition of ENERGIA MILENIULUI III S.A refer to Note 1.

The leases typically run for a period of 1 to 20 years, except for lease of land acquired in business combination in 2022 that runs for 49 years in Romania.

Some leases provide for additional rent payments that are based on a development of inflation rate in the following years and some of them are defined in EUR, although payable in RON.



## 9. Cash and cash equivalents

### Cash and cash equivalents

|                                                                         | 2023<br>TEUR  | 2022<br>TEUR  | 2021<br>TEUR  |
|-------------------------------------------------------------------------|---------------|---------------|---------------|
| Current accounts                                                        | 79,431        | 47,519        | 18,801        |
| Cash on hand                                                            | 41            | 94            | 18            |
| Other cash equivalents                                                  | 1,493         | 1,044         | 964           |
| Demand deposits                                                         | 307           | --            | --            |
| <b>Cash and cash equivalents in the statement of financial position</b> | <b>81,272</b> | <b>48,657</b> | <b>19,783</b> |
| Bank overdrafts                                                         | --            | --            | (7,607)       |
| <b>Cash and cash equivalents in the statement of cash flows</b>         | <b>81,272</b> | <b>48,657</b> | <b>12,176</b> |

In 2021, the Group's natural gas business opened an escrow account at the Romanian Commodities Exchange (BRM) for settlement of gas transactions. It covers the next month's estimated gas purchases of the business via BRM. The contractual restriction relates only to the use of the funds, while the Group has access and can withdraw these funds at any time. The balance of this account amounted to TEUR 1,408 as at 31 December 2023 (2022: TEUR 6,481; 2021: TEUR 4,446).

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to cash and cash equivalents is described in Note 4.

## 10. Trade receivables

|              | 2023          | 2022           | 2021          |
|--------------|---------------|----------------|---------------|
|              | TEUR          | TEUR           | TEUR          |
| Current      | 87,240        | 108,520        | 73,954        |
| Non-current  | 1,146         | --             | 22            |
| <b>Total</b> | <b>88,386</b> | <b>108,520</b> | <b>73,976</b> |

The trade receivables refer mainly to distribution and sale of electricity and natural gas and works, and services performed (user installations) by the Moldovan and Romanian companies.

In 2023, the decrease in the gross carrying amounts of trade receivables is attributable mainly to the Moldavian subsidiaries due to the fact that the weighted average supply prices decreased by about 53% on 31 December 2023 compared to 31 December 2022 (average 2.26 MDL/kWh on 31 December 2023 compared to an average of 4.81 MDL/kWh on 31 December 2022).

In 2022, the increase in the gross carrying amounts of trade receivables related mainly to the growth of the business in Moldova resulting in increases in trade receivables of TEUR 34,131. This increase was primarily due to the increase of the prices from 31 December 2021 to 31 December 2022 (the average distribution tariff increased by 28.2% while the average supply tariff increased by 61.31%). Furthermore in 2022, trade receivables comprise also trade receivables of TEUR 7,108 related to new acquisitions in 2022, and primarily the ALIVE CAPITAL S.A. acquisition (refer also to Note 1).

The credit terms are generally between 30 days and 60 days. The contractual maturity analysis of trade receivables is included in Note 4.

As at 31 December 2023, 31 December 2022 and 31 December 2021, all trade receivables are measured at amortised cost under IFRS 9. Loss allowances were calculated based on a lifetime expected credit loss (ECL). For detailed classification of financial assets by credit risk, see Note 4.

The exposure of the Group to credit risk, to interest rate risk and to foreign exchange risk in relation to trade receivables is described in Note 4. The fair value of trade receivables approximates to their carrying amounts as presented above.

## 11. Inventories

|                                  | 2023          | 2022          | 2021         |
|----------------------------------|---------------|---------------|--------------|
|                                  | TEUR          | TEUR          | TEUR         |
| Raw materials and consumables    | 751           | 918           | 815          |
| Auxiliary materials              | 338           | 440           | 271          |
| Gas stored held at third parties | 25,099        | 47,585        | 5,020        |
| Other                            | 9,236         | 189           | 238          |
| <b>Total</b>                     | <b>35,424</b> | <b>49,132</b> | <b>6,344</b> |

During the year, the Romanian and Moldovan entities recognised raw materials and consumables used as an expense of TEUR 4,847 (2022: TEUR 3,775; 2021: TEUR 1,699).

In 2023, the significant decrease in gas held at third parties was mainly due to a decrease in the average cost of gas held in storage as at 31 December 2023 compared to 31 December 2022, corroborated with an approximate 8% decrease in the quantity of gas stored.

In 2022, the significant increase in gas held at third parties was mainly due to the significant increase in gas prices in 2022.

The Romanian natural gas entities pledged gas in storage as security for liabilities in the amount TEUR 25,099 (2022: TEUR 41,479, 2021: TEUR 5,020) (refer to Note 17).

In 2023, 2022 and 2021 the operating activity of the Group is performed according to licenses for the distribution of energy. The Group fulfilled all the legal obligations of gas stocked in underground storage in 2023, 2022 and 2021.

As at 31 December 2023, 2022 and 2021, the Group considered there was no indication of impairment of the gas inventory: on the regulated market, the cost of gas is recognized in the final selling price of the gas according to the ANRE regulations, while on the free market the pricing scheme fully covers these costs.



## 12. Financial assets

### Financial assets at fair value through profit or loss - equity instruments

As at 31 December 2023, 31 December 2022 and 31 December 2021, the Group held no equity instruments at fair value through profit or loss.

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets, because they are expected to be realised within twelve months from the reporting date.

|                                            | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|--------------------------------------------|--------------|--------------|--------------|
| At 1 <sup>st</sup> January                 | --           | --           | 472          |
| Change in fair value (Note 31)             | --           | --           | 1,185        |
| Derecognition                              | --           | --           | (1,681)      |
| Net foreign currency gains / (losses)      | --           | --           | 24           |
| <b>Balance at 31<sup>st</sup> December</b> | <b>--</b>    | <b>--</b>    | <b>--</b>    |

In 2021, change in fair value and derecognition of the equity instruments are related to shares held by Moldavian subsidiary in ENERGBANK S.A. By the Decision no.190 of 17.08.2020 (based on the art. 521 of the Law on banks activity no.202/2017), the National Bank of Moldova ("NBM") cancelled the shares held by the subsidiary in ENERGBANK S.A. The commercial bank made a new issue of shares of the same type, quantity and nominal value in order to be traded on the stock market. The collected funds minus bank's expenses related to the new issue of shares were used to compensate the Company for the cancelled shares. Based on these reasons, on December 31, 2021, the Group re-valued the shares and derecognized the resulting fair value (TEUR 1,681 corresponding with TMDL 33,787) of the shares previously held and cancelled according to the NBM Decision from Financial assets at FVTPL. The resulting receivable from the compensation was recognized and disclosed within Other financial assets. For further information, refer also to Note 14, Other assets.

### Financial assets at amortised cost – other deposits

|                                            | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|--------------------------------------------|--------------|--------------|--------------|
| At 1 <sup>st</sup> January                 | 64           | 64           | 65           |
| Withdrawals                                | (64)         | --           | --           |
| Translation differences                    | --           | --           | (1)          |
| <b>Balance at 31<sup>st</sup> December</b> | <b>--</b>    | <b>64</b>    | <b>64</b>    |

Deposits are used as bank loan collateral.

### Restricted deposits

|                                               | 2023<br>TEUR | 2022<br>TEUR  | 2021<br>TEUR |
|-----------------------------------------------|--------------|---------------|--------------|
| Deposits with restricted access – current     | 5,638        | 9,934         | 778          |
| Deposits with restricted access – non-current | 2,303        | 5,446         | 141          |
| <b>Total</b>                                  | <b>7,941</b> | <b>15,380</b> | <b>919</b>   |

Restricted deposits are used as cash collateral for guarantees for electricity supply contracts with customers, as collateral for letters of guarantees, or as bank loan collateral. Main increase as at 31 December 2022 was caused by the acquisition of ALIVE CAPITAL S.A., an integrated service provider for renewable energy producers, where deposit for restricted cash in amount of TEUR 13,310 relates to guarantees for electricity supply to customers.

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to financial assets at amortised cost – deposits, restricted deposits and restricted cash is described in Note 4. The fair value of deposits and restricted deposits approximates to their carrying amounts as presented above.

### 13. Loans receivable

The Group has provided loans receivable from its related parties of TEUR 305 (2022: TEUR 2,695; 2021: TEUR 281) and third parties of TEUR 4,751 (2022: TEUR 2,150; 2021: TEUR 2,087) which are repayable as follows:

| 2023             | Average interest rate | Less than 3 months | 3 months to 1 year | 1 to 5 years | More than 5 | Non-specified | Total TEUR   |
|------------------|-----------------------|--------------------|--------------------|--------------|-------------|---------------|--------------|
| Loans receivable | 4.14 %                | 54                 | 147                | 1,736        | 3,119       | --            | <u>5,056</u> |

| 2022             | Average interest rate | Less than 3 months | 3 months to 1 year | 1 to 5 years | More than 5 | Non-specified | Total TEUR   |
|------------------|-----------------------|--------------------|--------------------|--------------|-------------|---------------|--------------|
| Loans receivable | 2.65 %                | 46                 | 150                | 2,367        | 2,282       | --            | <u>4,845</u> |

| 2021             | Average interest rate | Less than 3 months | 3 months to 1 year | 1 to 5 years | More than 5 | Non-specified | Total TEUR   |
|------------------|-----------------------|--------------------|--------------------|--------------|-------------|---------------|--------------|
| Loans receivable | 2.64 %                | 4                  | 29                 | 245          | 2,087       | 3             | <u>2,368</u> |

As at 31 December 2023, loans receivables are measured at amortised cost under IFRS 9. Loss allowances were calculated based on a 12-month or a lifetime expected credit loss (ECL). As at 31 December 2023, loss allowances related to loans receivable amounted to TEUR 7 (31 December 2022: TEUR 65; 31 December 2021: TEUR 17). Loss allowances attributable to loans provided to related parties amount to TEUR 0 (2022: TEUR 51; 2021: TEUR 0) and loss allowances attributable to loans provided to third parties amount to TEUR 7 (2022: TEUR 14; 2021: TEUR 17).

As at 31 December 2023, 31 December 2022 and 31 December 2021, loan receivable balances from third parties of TEUR 4,751; TEUR 2,150 and TEUR 2,087 were secured over shares held by minority shareholders a Cypriot subsidiary in favour of the Company under the Deed of Pledge Agreements between the Company and the minority shareholders of the Cypriot subsidiary.

The exposure of the Group to credit risk, interest rate risk and foreign exchange risk in relation to loan receivables is described in Note 4. The fair value of loan receivables approximates to their carrying amounts as presented above.



## 14. Other assets

|                                      | 2023          | 2022          | 2021          |
|--------------------------------------|---------------|---------------|---------------|
|                                      | TEUR          | TEUR          | TEUR          |
| <b>Financial assets</b>              |               |               |               |
| Other assets                         | 23,096        | 8,566         | 3,992         |
| <b>Subtotal financial assets</b>     | <b>23,096</b> | <b>8,566</b>  | <b>3,992</b>  |
| <b>Non-financial assets</b>          |               |               |               |
| Advances to suppliers                | 44            | --            | --            |
| Other tax receivables                | 3,278         | 1,894         | 1,447         |
| Deferred expenses and prepayments    | 20,927        | 20,631        | 16,312        |
| Other assets – non-financial         | 12,098        | 8,214         | 3,208         |
| <b>Subtotal non-financial assets</b> | <b>36,347</b> | <b>30,739</b> | <b>20,967</b> |
| <b>Total</b>                         | <b>59,443</b> | <b>39,305</b> | <b>24,959</b> |
| <b>Current</b>                       | <b>45,386</b> | <b>35,600</b> | <b>18,151</b> |
| <b>Non-current</b>                   | <b>14,057</b> | <b>3,705</b>  | <b>6,808</b>  |
| <b>Total</b>                         | <b>59,443</b> | <b>39,305</b> | <b>24,959</b> |

Other assets mainly include gas delivery prepayments and guarantees for payment retained by the gas suppliers.

The increase of other financial assets in 2023 relates to grants to be received by DA VINCI NEW PROJECT S.R.L in a newly acquired Romanian entity (TEUR 5,360) as well as the amounts expected to be received from the Ministry of Energy in Romania of TEUR 11,837. The amounts from the Ministry of Energy are expected to be received within a 12 months period and therefore the amount has been classified as current assets. Refer to further details under Note 1 “Regulatory environment”.

For the year 2023, 2022 and 2021, the amount relates primarily to guarantees provided to the Romania Commodity Exchange market with some gas deliveries being for 2023 and some being considered recurring and therefore their guarantees being classified as non-current in 2021, driving the increase in non-current values vs. prior years when there were no such gas deliveries purchased.

As a result of the cancellation of the shares held by the subsidiary in ENERGBANK S.A. (described in Note 12, Financial assets), the Group recognized a receivable of TEUR 1,681 (corresponding with TMDL 33,787) (disclosed within Other financial assets) representing the amount expected to be received as compensation as at 31 December 2021. The receivable was fully settled on 28 January 2022.

Deferred expenses and prepayments represent mainly advances paid to energy suppliers. In 2022, the increase is mainly driven by the acquisition of ALIVE CAPITAL S.A., an integrated service provider for renewable energy producers (refer also to Note 1).

The exposure of the Group to credit risk and foreign exchange risk in relation to other financial assets is described in Note 4. The fair value of other financial assets approximates to their carrying amounts as presented above.

## 15. Green certificates

|                                 | 31.12.2023<br>TEUR | 31.12.2022<br>TEUR | 31.12.2021<br>TEUR |
|---------------------------------|--------------------|--------------------|--------------------|
| Current                         | 3,895              | 2,050              | --                 |
| Non-current                     | 1,090              | 3,628              | --                 |
| <b>Green certificates total</b> | <b>4,985</b>       | <b>5,678</b>       | <b>--</b>          |

As at December 2023, the decrease in the value of green certificates is attributable to a higher number of green certificates being sold during 2023 than obtained through the production levels of the Group's renewable electricity generation assets in Romania as well as the addition of the 30 June 2023 acquisition of ALIVE SUN POWER TWO S.R.L., a Romanian entity which operates a 1.9 MW operational solar plant which benefits from 4 green certificates for each MWh of produced electricity. At the acquisition date, the Group recognised green certificates in the amount of TEUR 534.

As at 31 December 2022, the increase in green certificates (TEUR 5,678) is attributable to the acquisition of ECOENERGIA S.R.L. as described more in Note 1. At the acquisition date (20 January 2022), the Group recognised green certificates in the amount of TEUR 6,380.

## 16. Investments in equity-accounted investees

The Group has the following investments which were accounted for using the equity method:

|                                        | Type of equity method investment | Country of incorporation | Ownership interest (%) |      |      | Carrying amount TEUR |           |           |
|----------------------------------------|----------------------------------|--------------------------|------------------------|------|------|----------------------|-----------|-----------|
|                                        |                                  |                          | 2023                   | 2022 | 2021 | 2023                 | 2022      | 2021      |
| BRASOV RENEWABLES S.R.L. <sup>1)</sup> | Associate                        | Romania                  | 20.40                  | --   | --   | 199                  | --        | --        |
|                                        |                                  |                          |                        |      |      | <b>199</b>           | <b>--</b> | <b>--</b> |

1) On 7 June 2023 the ownership interest of 40% in BRASOV RENEWABLES S.R.L. was purchased by the entity ALIVE CAPITAL S.A. The Company holds a 50.99% interest in ALIVE CAPITAL S.A.

The financial information relating to investments in equity-accounted investees is summarised below:

| TEUR                                                                | BRASOV RENEWABLES S.R.L. |           |           |
|---------------------------------------------------------------------|--------------------------|-----------|-----------|
|                                                                     | Associate (20.40%)       | 2022      | 2021      |
| <b>Summarised balance sheet</b>                                     | <b>2023</b>              |           |           |
| Non-current assets                                                  | 471                      | --        | --        |
| Current assets                                                      | 28                       | --        | --        |
| Non-current liabilities                                             | --                       | --        | --        |
| Current liabilities                                                 | (1)                      | --        | --        |
| <b>Net assets (100%)</b>                                            | <b>498</b>               | <b>--</b> | <b>--</b> |
| <b>NCI on net assets</b>                                            | <b>--</b>                | <b>--</b> | <b>--</b> |
| <b>Net assets attributable to equity holders</b>                    | <b>199</b>               | <b>--</b> | <b>--</b> |
| Group's share on net assets                                         | 199                      | --        | --        |
| Goodwill                                                            | --                       | --        | --        |
| <b>Carrying amount of investments in equity-accounted investees</b> | <b>199</b>               | <b>--</b> | <b>--</b> |



## 17. Provisions

|                                       | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|---------------------------------------|--------------|--------------|--------------|
| Provisions for litigations and claims | 1,018        | 1,015        | 780          |
| Untaken holiday                       | 1,572        | 1,772        | 634          |
| Decommissioning provision             | 1,358        | 1,436        | --           |
| Tax risks                             | 3,940        | --           | --           |
| Other                                 | 1,037        | --           | 7            |
| <b>Provisions total</b>               | <b>8,925</b> | <b>4,223</b> | <b>1,421</b> |
| Non-current provisions                | 6,227        | 2,533        | 845          |
| Current provisions                    | 2,698        | 1,690        | 576          |
| <b>Provisions total</b>               | <b>8,925</b> | <b>4,223</b> | <b>1,421</b> |

For description of contingencies and commitments, refer to Note 34 and Note 35.

The movements in provisions in 2023, 2022 and 2021 are shown in the following tables:

|                                            | Provisions for<br>litigations<br>and<br>claims<br>TEUR | Untaken<br>holiday<br>TEUR | Tax risks<br>TEUR | Decommis-<br>sioning<br>provision<br>TEUR | Other<br>TEUR | Total<br>TEUR |
|--------------------------------------------|--------------------------------------------------------|----------------------------|-------------------|-------------------------------------------|---------------|---------------|
| <b>Balance as at 1 January 2023</b>        | 1,015                                                  | 1,772                      | --                | 1,436                                     | --            | 4,223         |
| Provisions created during the year         | 17                                                     | 2,246                      | 3,963             | 60                                        | 1,037         | 7,323         |
| Provisions used during the year            | (54)                                                   | (2,488)                    | --                | --                                        | --            | (2,542)       |
| Provisions reversed during the year        | --                                                     | --                         | --                | (447)                                     | --            | (447)         |
| Acquisitions through business combinations | --                                                     | --                         | --                | 319                                       | --            | 319           |
| Translation differences                    | 40                                                     | 42                         | (23)              | (10)                                      | --            | 49            |
| <b>Balance as at 31 December 2023</b>      | <b>1,018</b>                                           | <b>1,572</b>               | <b>3,940</b>      | <b>1,358</b>                              | <b>1,037</b>  | <b>8,925</b>  |

|                                            | Provisions for<br>litigations<br>and claims<br>TEUR | Untaken<br>holiday<br>TEUR | Decommis-<br>sioning<br>provision<br>TEUR | Other<br>TEUR | Total<br>TEUR |
|--------------------------------------------|-----------------------------------------------------|----------------------------|-------------------------------------------|---------------|---------------|
| <b>Balance as at 1 January 2022</b>        | 780                                                 | 634                        | --                                        | 7             | 1,421         |
| Provisions created during the year         | 127                                                 | 1,845                      | 78                                        | --            | 2,050         |
| Provisions used during the year            | --                                                  | (675)                      | --                                        | (8)           | (683)         |
| Acquisitions through business combinations | 55                                                  | --                         | 1,359                                     | --            | 1,414         |
| Translation differences                    | 53                                                  | (32)                       | (1)                                       | 1             | 21            |
| <b>Balance as at 31 December 2022</b>      | <b>1,015</b>                                        | <b>1,772</b>               | <b>1,436</b>                              | <b>--</b>     | <b>4,223</b>  |

## 17. Provisions (continued)

|                                       | Provisions<br>for<br>litigations<br>and claims | Untaken<br>holiday | Tax risks  | Other     | Total        |
|---------------------------------------|------------------------------------------------|--------------------|------------|-----------|--------------|
|                                       | TEUR                                           | TEUR               | TEUR       | TEUR      | TEUR         |
| <b>Balance as at 1 January 2021</b>   | <b>751</b>                                     | <b>548</b>         | <b>109</b> | <b>--</b> | <b>1,408</b> |
| Provisions created during the year    | 19                                             | 289                | --         | 7         | 315          |
| Provisions used during the year       | (29)                                           | (107)              | (109)      | --        | (245)        |
| Provisions reversed during the year   | --                                             | (42)               | --         | --        | (42)         |
| Translation differences               | 39                                             | (54)               | --         | --        | (15)         |
| <b>Balance as at 31 December 2021</b> | <b>780</b>                                     | <b>634</b>         | <b>--</b>  | <b>7</b>  | <b>1,421</b> |

Acquisitions through business combinations are attributable to wind park in 2023 (decommissioning provision of TEUR 319) and 2022 (decommissioning provision of TEUR 1,359), where the Group recognized decommissioning of tangible assets starting with the date of the acquisition. The Wind Farm has an obligation to bring the leased land for the construction of wind turbines to its original state. The effects of the changes in the assumptions underlying the decommissioning costs are recognized prospectively by recording an adjustment of the decommissioning provision, as well as by a corresponding adjustment of the amount of tangible assets to which the decommissioning provision refers. Annually, the provisions for the decommissioning of tangible assets are updated for any changes in the estimated decommissioning costs until the moment of making the expense, as well as from the point of view of the time value of the money. The effect of updating the decommissioning provision over time is presented in financial expenses.

In addition, acquisitions through business combinations in 2022 at the amount of TEUR 55 relates to natural gas distribution and supply company (provision for litigation and claims) (refer also to Note I).

The Group recognizes provision from legal claims made against the Company by its customers in the normal course of business. Litigation provisions are recognized when management estimates that the Group is exposed to a cash outflow as a result of an unfavorable court ruling. During 2023, management recognized a provision of TEUR 1,015 (2022: TEUR 127 and 2021: TEUR 19) in respect to these claims, after considering legal advice and it believes that the outcome of these legal claims will not give rise to any significant loss beyond the amounts provided as at 31 December 2023.

In 2023, the Group recognized a provision of TEUR 1,772 in respect to untaken holiday from its employees (2022: TEUR 1,845; 2021: TEUR 289). The provision is made based on the employment contracts. The Group expects to settle the majority of this liability over the next year.

In 2021, the Group fully reversed a tax provision of TEUR 109.

Tax risk line in 2023 is referred mainly to the other risks assessed by the Group in the area of the energy taxation in Romania.



## 18. Loans and borrowings

### Liabilities due to non-banks

The contractual terms of the Group's non-bank loans are summarised below. For more information about the Group's exposure to liquidity risk, interest rate and foreign currency risk, please refer to Note 4.

|                            | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|----------------------------|--------------|--------------|--------------|
| Loans from related parties | 547          | 3,965        | 1,736        |
| Loans from third parties   | 771          | --           | --           |
|                            | <u>1,318</u> | <u>3,965</u> | <u>1,736</u> |

Non-bank loans are payable as follows:

| TEUR                       | Amount as at<br>31 December 2023 | Payable in<br>1 year | Payable in<br>more than 1 year |
|----------------------------|----------------------------------|----------------------|--------------------------------|
| Loans from related parties | 547                              | 547                  | --                             |
| Loans from third parties   | 771                              | 771                  | --                             |
|                            | <u>1,318</u>                     | <u>1,318</u>         | <u>--</u>                      |

| TEUR                       | Amount as at 31<br>December 2022 | Payable in<br>1 year | Payable in<br>more than 1 year |
|----------------------------|----------------------------------|----------------------|--------------------------------|
| Loans from related parties | 3,965                            | 3,965                | --                             |
| Loans from third parties   | --                               | --                   | --                             |
|                            | <u>3,965</u>                     | <u>3,965</u>         | <u>--</u>                      |

| TEUR                       | Amount as at 31<br>December 2021 | Payable in<br>1 year | Payable in<br>more than 1 year |
|----------------------------|----------------------------------|----------------------|--------------------------------|
| Loans from related parties | 1,736                            | 1,736                | --                             |
| Loans from third parties   | --                               | --                   | --                             |
|                            | <u>1,736</u>                     | <u>1,736</u>         | <u>--</u>                      |

## **18. Loans and borrowings (continued)**

### **Liabilities due to non-banks (continued)**

| <b>2023</b>                | <b>Currency</b> | <b>Maturity</b> | <b>Interest rate</b> | <b>Outstanding principal and interest<br/>TEUR</b> |
|----------------------------|-----------------|-----------------|----------------------|----------------------------------------------------|
| A. Loan from related party | EUR             | 2024            | 6.65%                | 547                                                |
|                            |                 |                 |                      | <b>547</b>                                         |
| A. Loan from third party   | EUR             | 2024            | 0.00%                | 652                                                |
| B. Loan from third party   | RON             | 2024            | 11.44%               | 119                                                |
|                            |                 |                 |                      | <b>771</b>                                         |

| <b>2022</b>                | <b>Currency</b> | <b>Maturity</b> | <b>Interest rate</b> | <b>Outstanding principal and interest<br/>TEUR</b> |
|----------------------------|-----------------|-----------------|----------------------|----------------------------------------------------|
| A. Loan from related party | EUR             | 2023            | 3.00%                | 1,301                                              |
| B. Loan from related party | EUR             | 2023            | 5.25%                | 686                                                |
| C. Loan from related party | RON             | 2023            | 5.00%                | 739                                                |
| D. Loan from related party | EUR             | On demand       | 6.65%                | 1,239                                              |
|                            |                 |                 |                      | <b>3,965</b>                                       |

| <b>2021</b>             | <b>Currency</b> | <b>Maturity</b> | <b>Interest rate</b> | <b>Outstanding principal and interest<br/>TEUR</b> |
|-------------------------|-----------------|-----------------|----------------------|----------------------------------------------------|
| Loan from related party | EUR             | On demand       | 6.65%                | 1,736                                              |
|                         |                 |                 |                      | <b>1,736</b>                                       |

As at 31 December 2023, 31 December 2022 and 31 December 2021, the Group's loans were unsecured.

The fair value of liabilities due to non-banks approximates to their carrying amounts as presented above.

### **Liabilities due to banks and other financial institutions**

The Group's liabilities due to banks and other financial institutions as of 31 December 2023 amount to TEUR 153,475 (2022: TEUR 141,022; 2021: TEUR 128,348). The details are described below.

|                        | <b>2023<br/>TEUR</b> | <b>2022<br/>TEUR</b> | <b>2021<br/>TEUR</b> |
|------------------------|----------------------|----------------------|----------------------|
| Non-current bank loans | 100,379              | 91,143               | 81,759               |
| Current bank loans     | 53,096               | 49,879               | 46,589               |
|                        | <b>153,475</b>       | <b>141,022</b>       | <b>128,348</b>       |



## 18. Loans and borrowings (continued)

### Liabilities due to banks and other financial institutions (continued)

| 2023                | Currency | Maturity   | Interest rate                      | Outstanding principal and interest<br>TEUR |
|---------------------|----------|------------|------------------------------------|--------------------------------------------|
| A Secured bank loan | EUR      | 31.12.2024 | 2.10% + EURIBOR 1M                 | 31,804                                     |
| B Secured bank loan | MDL      | 17.05.2024 | 4.60% + NBM MDL reference index    | 1,618                                      |
| C Secured bank loan | USD      | 03.03.2031 | 2.80% + 6M CME TERM SOFR           | 5,711                                      |
| D Secured bank loan | USD      | 02.03.2031 | 5.00% + Compounded SOFR Index Rate | 5,776                                      |
| E Secured bank loan | MDL      | 31.01.2028 | 4.60% + NBM MDL reference index    | 580                                        |
| F Secured bank loan | EUR      | 17.03.2029 | 4.95% + EURIBOR 3M                 | 16,293                                     |
| G Secured bank loan | EUR      | 30.06.2027 | 4.90% + EURIBOR 12M                | 83,643                                     |
| H Secured bank loan | EUR      | 05.12.2030 | 3.50% + EURIBOR 3M                 | 238                                        |
| I Secured bank loan | EUR      | 28.02.2023 | 4.95% + 3M EURIBOR 3M              | 7,812                                      |
|                     |          |            |                                    | <b>153,475</b>                             |
| 2022                | Currency | Maturity   | Interest rate                      | Outstanding principal and interest<br>TEUR |
| A Secured bank loan | EUR      | 10.09.2023 | 2.10% + EURIBOR 1M                 | 9,992                                      |
| B Secured bank loan | EUR      | 31.12.2023 | 2.20% + EURIBOR 3M                 | 14,941                                     |
| C Secured bank loan | MDL      | 17.05.2024 | 4.60% + NBM MDL reference index    | 5,894                                      |
| D Secured bank loan | MDL      | 17.01.2024 | 4.60% + NBM MDL reference index    | 6,139                                      |
| E Secured bank loan | EUR      | 05.02.2025 | 3.50% + EURIBOR 3M                 | 3,378                                      |
| F Secured bank loan | EUR      | 30.06.2025 | 4.90% + EURIBOR 12M                | 72,117                                     |
| G Secured bank loan | USD      | 05.02.2025 | 3.75% + LIBOR 3M                   | 9,077                                      |
| H Secured bank loan | EUR      | 17.03.2029 | 4.95% + EURIBOR 1M                 | 19,484                                     |
|                     |          |            |                                    | <b>141,022</b>                             |
| 2021                | Currency | Maturity   | Interest rate                      | Outstanding principal and interest<br>TEUR |
| A Secured bank loan | RON      | 10.06.2022 | 2.75% + ROBOR 3M                   | 6,580                                      |
| B Secured bank loan | RON      | 06.10.2022 | 4% + ROBOR 3M                      | 7,416                                      |
| C Secured bank loan | RON      | 10.06.2022 | 3.35% + ROBOR 1M                   | 10,344                                     |
| D Secured bank loan | EUR      | 30.06.2024 | 4.90% + EURIBOR 12M                | 82,126                                     |
| E Secured bank loan | EUR      | 05.02.2025 | 3.5% + EURIBOR 3M                  | 4,729                                      |
| F Secured bank loan | USD      | 05.02.2025 | 3.75% + LIBOR 3M                   | 11,668                                     |
| G Secured bank loan | MDL      | 31.05.2022 | 2.50% + MDL reference index        | 3,743                                      |
| H Secured bank loan | MDL      | 29.03.2022 | 2.50% + MDL reference index        | 1,742                                      |
|                     |          |            |                                    | <b>128,348</b>                             |

## **18. Loans and borrowings (continued)**

### **Liabilities due to banks and other financial institutions (continued)**

There are covenants to be fulfilled related to secured bank loans. As at 31 December 2023, 2022 and 2021, there were no breaches of covenant conditions.

As at 31 December 2023, the Group's bank loans were secured as follows:

- Bank loan A is secured by pledge on receivables and bank accounts, pledge on gas in storage (refer to Note 11, Inventories) and pledge on 3,634,094 shares of Romania subsidiary, representing a share of 51.23% of the total number of shares of this subsidiary.
- Bank loan G is secured by pledge on 99.994 shares of the Company representing a share of 99.994% of the total number of shares of the Company. In addition, the loan is secured over a corporate guarantee provided by EMMA ALPHA HOLDING LTD.
- Bank loans B, C, D, E, F, H and I are secured by pledge on receivables and bank accounts, pledge on defined immovable assets, equipment and first rank movable mortgage on the shares. F Bank loan is also attached with a corporate guarantee provided by parent company.

As at 31 December 2022, the Group's bank loans were secured as follows:

- Bank loan A is secured by pledge on receivables and bank accounts, pledge on gas in storage (refer to Note 11, Inventories) and pledge on 3,634,094 shares of Romania subsidiary, representing a share of 51.23% of the total number of shares of this subsidiary.
- Bank loan F is secured by pledge on 99.994 shares of the Company representing a share of 99.994% of the total number of shares of the Company. In addition, the loan is secured over a corporate guarantee provided by EMMA ALPHA HOLDING LTD.
- Bank loans B, C, D, E, G and H are secured by pledge on receivables and bank accounts, pledge on defined movable assets and mortgage on defined immovable assets. H Bank loan is also attached with a corporate guarantee provided by parent company.

As at 31 December 2021, the Group's bank loans were secured as follows:

- Bank loan A is secured by pledge on receivables and bank accounts, pledge on defined movable and immovable assets and pledge on 1,912,987 shares of Romania subsidiary, representing a share of 26.32% of the total number of shares of this subsidiary.
- Bank loan B is secured by blank promissory note, by pledge on receivables due from defined customers, pledge on bank accounts, pledge on defined movable assets and pledge on 1,546,689 shares of Romania subsidiary, representing a share of 22.06% of the total number of shares of this subsidiary.
- Bank loan C is secured by pledge on receivables and bank accounts, pledge on gas in storage (refer to Note 11, Inventories) and pledge on 3,634,094 shares of Romania subsidiary, representing a share of 51.23% of the total number of shares of this subsidiary.
- Bank loan D is secured by pledge on 99.994 shares of the Company representing a share of 99.994% of the total number of shares of the Company. In addition, the loan is secured over a corporate guarantee provided by EMMA ALPHA HOLDING LTD.
- Bank loans E, F, G and H are secured by pledge on receivables and bank accounts, pledge on defined movable assets and mortgage on defined immovable assets.



## **18. Loans and borrowings (continued)**

### **Bonds issued**

As a result of the acquisition of the 51% stake in the Romanian ALIVE CAPITAL S.A subsidiary on 24 February 2022, the Group recognized bonds issued of TEUR 2,021. As at 31 December 2022, the bonds issued amounted to TEUR 2,020.

The Romanian subsidiary issued bonds MTS ALV23 (ISIN RO5HFLV9R1X2) on 31 December 2020, at a total nominal value of TRON 10,000, which were accepted for trading on the Bucharest Stock Exchange.

The Bonds were repaid on 23 December 2023.

The Bonds bear a fixed interest rate of 8.00 % p.a. The interest expense related to the bonds issued is TEUR 160 (2022: TEUR 135) (refer to note 31, Net Finance income/expenses).

There were covenants to be fulfilled related to the bonds. There were no breaches of covenant conditions.

The fair value of liabilities due to banks and other financial institutions approximates to their carrying amounts, as presented above.

The exposure of the Group to liquidity risk, interest rate risk and foreign exchange risk in relation to bank loans is described in Note 4.

### **Financial Covenants**

The Group's financing agreements include a range of undertakings and restrictions related to different legal entities (subject to many certain exceptions and carve-outs) including, inter alia, restrictions on the ability to provide security or guarantees, restrictions on investments and disposals of assets, restrictions on declaring or paying dividends or any other distributions, restrictions on entering into any amalgamation, merger, demerger or other corporate reconstruction, and restrictions on incurring or allowing to remain outstanding any financial indebtedness. The finance documents in some cases also include, among others, undertakings to observe certain financial covenants and a variety of events of default, including cross default provisions. The Group currently fully complies with all such covenants and undertakings.

**18. Loans and borrowings (continued)****Reconciliation of movements of liabilities**

Reconciliation of movements of liabilities to cash flows arising from financing activities in 2023, 2022 and 2021 is described below.

|                                                                                             | Loans and borrowings | Bonds and notes issued | Lease liabilities | Restricted deposits | Equity          | Total           |
|---------------------------------------------------------------------------------------------|----------------------|------------------------|-------------------|---------------------|-----------------|-----------------|
| <b>Balance at 1 January 2023</b>                                                            | <b>144,987</b>       | <b>2,020</b>           | <b>3,722</b>      | <b>(15,380)</b>     | <b>334,915</b>  | <b>470,264</b>  |
| <b>Changes from financing cash flows</b>                                                    | --                   | --                     | --                | --                  | --              | --              |
| Transactions NCI without change in control                                                  | --                   | --                     | --                | --                  | (7)             | (7)             |
| Capital contributions from NCI to equity of subsidiaries                                    | --                   | --                     | --                | --                  | 1,289           | 1,289           |
| Dividends paid                                                                              | --                   | --                     | --                | --                  | (28,748)        | (28,748)        |
| Bonds repaid                                                                                | --                   | (2,022)                | --                | --                  | --              | (2,022)         |
| Proceeds from interest-bearing loans and borrowings                                         | 94,941               | --                     | --                | --                  | --              | 94,941          |
| Repayments of interest-bearing loans and borrowings                                         | (86,870)             | --                     | --                | --                  | --              | (86,870)        |
| Payment of lease liabilities                                                                | --                   | --                     | (720)             | --                  | --              | (720)           |
| <b>Total changes from financing cash flows</b>                                              | <b>8,071</b>         | <b>(2,022)</b>         | <b>(720)</b>      | <b>--</b>           | <b>(27,466)</b> | <b>(22,137)</b> |
| <b>Changes arising from obtaining or losing control of subsidiaries or other businesses</b> | <b>278</b>           | <b>--</b>              | <b>639</b>        | <b>--</b>           | <b>5,767</b>    | <b>6,684</b>    |
| <b>The effect of changes in foreign exchange rates</b>                                      | <b>(144)</b>         | <b>2</b>               | <b>--</b>         | <b>--</b>           | <b>8,064</b>    | <b>7,922</b>    |
| <b>Other changes</b>                                                                        |                      |                        |                   |                     |                 |                 |
| Change in bank overdraft                                                                    | --                   | --                     | --                | --                  | --              | --              |
| Change in restricted deposits related to operating activities                               | --                   | --                     | --                | 7,439               | --              | 7,439           |
| Interest expense                                                                            | 10,052               | 160                    | 80                | --                  | --              | 10,292          |
| Interest paid                                                                               | (8,451)              | (160)                  | (80)              | --                  | --              | (8,691)         |
| New lease agreements                                                                        | --                   | --                     | 1,575             | --                  | --              | 1,575           |
| Modifications of lease agreements                                                           | --                   | --                     | --                | --                  | --              | --              |
| <b>Total liability-related other changes</b>                                                | <b>1,601</b>         | <b>--</b>              | <b>1,575</b>      | <b>7,439</b>        | <b>--</b>       | <b>10,615</b>   |
| <b>Total equity-related other changes</b>                                                   | <b>--</b>            | <b>--</b>              | <b>--</b>         | <b>--</b>           | <b>83,705</b>   | <b>83,705</b>   |
| <b>Balance at 31 December 2023</b>                                                          | <b>154,793</b>       | <b>--</b>              | <b>5,216</b>      | <b>(7,941)</b>      | <b>404,985</b>  | <b>557,053</b>  |



## 18. Loans and borrowings (continued)

### Reconciliation of movements of liabilities (continued)

|                                                                                             | Bank<br>overdraft | Loans and<br>borrowings | Bonds<br>and<br>notes<br>issued | Lease<br>liabilities | Restricted<br>deposits | Equity         | Total           |
|---------------------------------------------------------------------------------------------|-------------------|-------------------------|---------------------------------|----------------------|------------------------|----------------|-----------------|
| <b>Balance at 1 January 2022</b>                                                            | <b>7,607</b>      | <b>130,084</b>          | <b>--</b>                       | <b>1,896</b>         | <b>(919)</b>           | <b>149,359</b> | <b>288,027</b>  |
| <b>Changes from financing cash flows</b>                                                    | <b>--</b>         | <b>--</b>               | <b>--</b>                       | <b>--</b>            | <b>--</b>              | <b>--</b>      | <b>--</b>       |
| Transactions NCI without change in control                                                  | --                | --                      | --                              | --                   | --                     | 3,754          | 3,754           |
| Dividends paid                                                                              | --                | --                      | --                              | --                   | --                     | (3,087)        | (3,087)         |
| Proceeds from interest-bearing loans and borrowings                                         | --                | 227,593                 | --                              | --                   | --                     | --             | 227,593         |
| Repayments of interest-bearing loans and borrowings                                         | --                | (248,695)               | --                              | --                   | --                     | --             | (248,695)       |
| Change in restricted deposits related to financing activities                               | --                | --                      | --                              | --                   | 106                    | --             | 106             |
| Payment of lease liabilities                                                                | --                | --                      | --                              | (412)                | --                     | --             | (412)           |
| <b>Total changes from financing cash flows</b>                                              | <b>--</b>         | <b>(21,102)</b>         | <b>--</b>                       | <b>(412)</b>         | <b>106</b>             | <b>667</b>     | <b>(20,741)</b> |
| <b>Changes arising from obtaining or losing control of subsidiaries or other businesses</b> | <b>--</b>         | <b>35,584</b>           | <b>2,021</b>                    | <b>2,316</b>         | <b>(2,633)</b>         | <b>4,652</b>   | <b>41,940</b>   |
| <b>The effect of changes in foreign exchange rates</b>                                      | <b>--</b>         | <b>399</b>              | <b>(1)</b>                      | <b>(38)</b>          | <b>--</b>              | <b>(2,962)</b> | <b>(2,602)</b>  |
| <b>Other changes</b>                                                                        |                   |                         |                                 |                      |                        |                |                 |
| Change in bank overdraft                                                                    | (7,607)           | --                      | --                              | --                   | --                     | --             | (7,607)         |
| Change in restricted deposits related to operating activities                               | --                | --                      | --                              | --                   | (11,934)               | --             | (11,934)        |
| Interest expense                                                                            | --                | 9,175                   | 135                             | 186                  | --                     | --             | 9,496           |
| Interest paid                                                                               | --                | (9,153)                 | (135)                           | (186)                | --                     | --             | (9,474)         |
| New lease agreements                                                                        | --                | --                      | --                              | 612                  | --                     | --             | 612             |
| Modifications of lease agreements                                                           | --                | --                      | --                              | (652)                | --                     | --             | (652)           |
| <b>Total liability-related other changes</b>                                                | <b>(7,607)</b>    | <b>22</b>               | <b>--</b>                       | <b>(40)</b>          | <b>(11,934)</b>        | <b>--</b>      | <b>(19,559)</b> |
| <b>Total equity-related other changes</b>                                                   | <b>--</b>         | <b>--</b>               | <b>--</b>                       | <b>--</b>            | <b>--</b>              | <b>183,199</b> | <b>183,199</b>  |
| <b>Balance at 31 December 2022</b>                                                          | <b>--</b>         | <b>144,987</b>          | <b>2,020</b>                    | <b>3,722</b>         | <b>(15,380)</b>        | <b>334,915</b> | <b>470,264</b>  |

## 18. Loans and borrowings (continued)

### Reconciliation of movements of liabilities (continued)

|                                                                                                 | Bank<br>overdraft | Loans and<br>borrowings | Lease<br>liabilities | Restricted<br>deposits | Equity          | Total          |
|-------------------------------------------------------------------------------------------------|-------------------|-------------------------|----------------------|------------------------|-----------------|----------------|
| Balance at 1 January 2021                                                                       | 4,756             | 55,194                  | 2,264                | --                     | 109,568         | 171,782        |
| <i>Changes from financing cash flows</i>                                                        |                   |                         |                      |                        |                 |                |
| Issue of new shares                                                                             | --                | --                      | --                   | --                     | 99              | 99             |
| Capital contribution to share premium                                                           | --                | --                      | --                   | --                     | 3,807           | 3,807          |
| Payment of acquisition of subsidiary -<br>Common control transactions                           | --                | --                      | --                   | --                     | (83,236)        | (83,236)       |
| Dividends paid                                                                                  | --                | --                      | --                   | --                     | (350)           | (350)          |
| Proceeds from interest-bearing loans<br>and borrowings                                          | --                | 207,835                 | --                   | --                     | --              | 207,835        |
| Repayments of interest-bearing loans<br>and borrowings                                          | --                | (135,980)               | --                   | --                     | --              | (135,980)      |
| Change in restricted deposits related to<br>financing activities                                | --                | --                      | --                   | (106)                  | --              | (106)          |
| Payment of lease liabilities                                                                    | --                | --                      | (586)                | --                     | --              | (586)          |
| <b>Total changes from financing cash flows</b>                                                  | --                | <b>71,855</b>           | <b>(586)</b>         | <b>(106)</b>           | <b>(79,680)</b> | <b>(8,517)</b> |
| <i>Changes arising from obtaining or losing<br/>control of subsidiaries or other businesses</i> | --                | --                      | --                   | --                     | --              | --             |
| <i>The effect of changes in foreign exchange<br/>rates</i>                                      | --                | --                      | --                   | --                     | 6,236           | 6,236          |
| <i>Other changes</i>                                                                            |                   |                         |                      |                        |                 |                |
| Change in bank overdraft                                                                        | 2,851             | --                      | --                   | --                     | --              | 2,851          |
| Change in restricted deposits related to<br>operating activities                                | --                | --                      | --                   | (813)                  | --              | (813)          |
| Interest expense                                                                                | --                | 5,380                   | 67                   | --                     | --              | 5,447          |
| Interest paid                                                                                   | --                | (2,345)                 | (67)                 | --                     | --              | (2,412)        |
| New lease agreements                                                                            | --                | --                      | 218                  | --                     | --              | 218            |
| <b>Total liability-related other changes</b>                                                    | <b>2,851</b>      | <b>3,035</b>            | <b>218</b>           | <b>(813)</b>           | <b>--</b>       | <b>5,291</b>   |
| <b>Total equity-related other changes</b>                                                       | <b>--</b>         | <b>--</b>               | <b>--</b>            | <b>--</b>              | <b>113,235</b>  | <b>113,235</b> |
| <b>Balance at 31 December 2021</b>                                                              | <b>7,607</b>      | <b>130,084</b>          | <b>1,896</b>         | <b>(919)</b>           | <b>149,359</b>  | <b>288,027</b> |

## 19. Trade payables

The Group's trade payables as of 31 December 2023 amounting TEUR 46,778 (2022: TEUR 18,434; 2021: TEUR 21,303) consist mainly of payables to gas and electricity suppliers.

|              | 2023<br>TEUR  | 2022<br>TEUR  | 2021<br>TEUR  |
|--------------|---------------|---------------|---------------|
| Current      | 46,740        | 18,434        | 21,303        |
| Non-current  | 38            | --            | --            |
| <b>Total</b> | <b>46,778</b> | <b>18,434</b> | <b>21,303</b> |

The movement in trade payables from 2022 is attributable mainly to the increase in Moldova region due to energy imbalances (see also Note 20). Trade payables are non-interest bearing and are normally settled between 30 days and 60 days.

The fair value of trade and other payables approximates to their carrying amounts as presented above. For more information about the Group's exposure to liquidity and foreign currency risk, refer to Note 4.



## 20. Other liabilities

|                                           | 2023<br>TEUR  | 2022<br>TEUR  | 2021<br>TEUR  |
|-------------------------------------------|---------------|---------------|---------------|
| <b>Financial liabilities</b>              |               |               |               |
| Accrued expenses                          | 11,064        | 42,988        | 17,593        |
| Other liabilities                         | 7,921         | 3,910         | 1,133         |
| <b>Subtotal financial liabilities</b>     | <b>18,985</b> | <b>46,898</b> | <b>18,726</b> |
| <b>Non-financial liabilities</b>          |               |               |               |
| Deferred income                           | 37,184        | 28,764        | 25,745        |
| Other tax payable                         | 8,034         | 10,404        | 8,297         |
| Advances received                         | --            | --            | --            |
| Wages and salaries                        | 1,430         | 886           | 1,605         |
| Social security and health insurance      | 411           | 430           | 224           |
| <b>Subtotal non-financial liabilities</b> | <b>47,059</b> | <b>40,484</b> | <b>35,871</b> |
| <b>Total</b>                              | <b>66,044</b> | <b>87,382</b> | <b>54,597</b> |
| Current                                   | 28,004        | 71,166        | 42,086        |
| Non-current                               | 38,040        | 16,216        | 12,511        |
| <b>Total</b>                              | <b>66,044</b> | <b>87,382</b> | <b>54,597</b> |

As at 31 December 2023, the decrease in accrued expenses is mainly attributable to the Moldovan electricity supply subsidiary. During the prior year, the entity booked an accrual for the energy imbalances for the period from September 2022 to December 2022, however during the current year, invoices were obtained and the balances were included in the trade payables account (see Note 19).

As at 31 December 2022, the increase in accrued expenses was mainly attributable to increased prices for purchased electricity at year end in the Moldovan market and to a newly acquired renewable energy subsidiary for electricity consumed, but not invoiced by the suppliers (refer also to Note 1); the increase in deferred income was mainly attributable to the Romania supply company and the increase in other tax payable resulted mainly from a newly acquired entity and it represented VAT payable and Solidarity tax (refer also to Note 1).

As at 31 December 2023, 2022 and 2021, the balance of deferred income is notably represented by liabilities related to the electricity activity of the Moldovan subsidiaries, and of natural gas by the Romanian subsidiaries (described in Note 1). Accrued expenses are represented notably by liabilities related to the electricity purchases by the Moldovan subsidiaries and to natural gas purchases by the Romanian subsidiaries.

The fair value of other liabilities approximates their carrying amounts as presented above. For more information about the Group's exposure to liquidity and foreign currency risk, refer to Note 4.

## 21. Deferred tax liability and asset

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority.

|                                     | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR    |
|-------------------------------------|-----------------|-----------------|-----------------|
| Deferred tax assets                 | 438             | 2,542           | 2,059           |
| Deferred tax liabilities            | (22,579)        | (20,119)        | (16,393)        |
| <b>Net deferred tax liabilities</b> | <b>(22,141)</b> | <b>(17,577)</b> | <b>(14,334)</b> |

**21. Deferred tax liability and asset (continued)**

The recognised deferred tax assets and liabilities are attributable mainly to property, plant and equipment and intangible assets. The detail is summarized in the table below:

|                                          | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR    |
|------------------------------------------|-----------------|-----------------|-----------------|
| Property, plant and equipment            | (20,130)        | (11,542)        | (15,554)        |
| Intangible assets                        | (2,498)         | (6,723)         | (806)           |
| Tax losses carried-forward               | 439             | 1,250           | 1,707           |
| Derivative financial instruments         | --              | 641             | --              |
| Other items                              | 48              | (1,203)         | 319             |
| <b>Net deferred tax liabilities</b>      | <b>(22,141)</b> | <b>(17,577)</b> | <b>(14,334)</b> |
|                                          |                 |                 |                 |
|                                          | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR    |
| <b>Deferred tax assets</b>               |                 |                 |                 |
| Expected to reverse within 12 months     | --              | 641             | --              |
| Expected to reverse after 12 months      | 438             | 1,901           | 2,059           |
| <b>Subtotal deferred tax assets</b>      | <b>438</b>      | <b>2,542</b>    | <b>2,059</b>    |
|                                          |                 |                 |                 |
| <b>Deferred tax liabilities</b>          |                 |                 |                 |
| Expected to reverse within 12 months     | --              | --              | --              |
| Expected to reverse after 12 months      | (22,579)        | (20,119)        | (16,393)        |
| <b>Subtotal deferred tax liabilities</b> | <b>(22,579)</b> | <b>(20,119)</b> | <b>(16,393)</b> |
|                                          |                 |                 |                 |
| <b>Net deferred tax liabilities</b>      |                 |                 |                 |
| Expected to reverse within 12 months     | --              | 641             | --              |
| Expected to reverse after 12 months      | (22,141)        | (18,218)        | (14,334)        |
| <b>Net deferred tax liabilities</b>      | <b>(22,141)</b> | <b>(17,577)</b> | <b>(14,334)</b> |

Unrecognised deferred tax assets of TEUR 1,348 resulting from tax losses carried-forward in total amount of TEUR 10,726 are attributable mainly to Cypriot entities (refer also to Note 32).

Deferred tax assets and liabilities are generally expected to be reversed after 12 months as they result mainly from non-current assets and their reversal or settlement within the next 12 months are not certain.

Movements in temporary differences during the year 2023 were as follows:

| TEUR                             | Balance at<br>1 January | Recognized<br>in profit or<br>loss<br>(Note 32) | Additions<br>resulting<br>from<br>business<br>combinations<br>(Note 1) | Recognized<br>in OCI | Recognized<br>directly in<br>equity | Effect of<br>movements<br>in foreign<br>exchange<br>rate | Balance at<br>31<br>December |
|----------------------------------|-------------------------|-------------------------------------------------|------------------------------------------------------------------------|----------------------|-------------------------------------|----------------------------------------------------------|------------------------------|
| Property, plant and equipment    | (11,542)                | (4,484)                                         | (1,923)                                                                | (1,697)              | --                                  | (484)                                                    | (20,130)                     |
| Intangible assets                | (6,723)                 | 4,905                                           | (690)                                                                  | --                   | --                                  | 10                                                       | (2,498)                      |
| Tax losses carried-forward       | 1,250                   | (854)                                           | --                                                                     | --                   | --                                  | 43                                                       | 439                          |
| Derivative financial instruments | 641                     | (641)                                           | --                                                                     | --                   | --                                  | --                                                       | --                           |
| Other items                      | (1,203)                 | 1,283                                           | --                                                                     | --                   | --                                  | (32)                                                     | 48                           |
| <b>Total</b>                     | <b>(17,577)</b>         | <b>209</b>                                      | <b>(2,613)</b>                                                         | <b>(1,697)</b>       | <b>--</b>                           | <b>(463)</b>                                             | <b>(22,141)</b>              |



**21. Deferred tax liability and asset (continued)**

Movements in temporary differences during the year 2022 were as follows:

| TEUR                             | Balance at<br>1 January | Recognized<br>in profit or<br>loss<br>(Note 32) | Additions<br>resulting<br>from<br>business<br>combination<br>ns<br>(Note 1) | Recognized<br>in OCI | Recognized<br>directly in<br>equity | Effect of<br>movements<br>in foreign<br>exchange<br>rate | Balance at<br>31<br>December |
|----------------------------------|-------------------------|-------------------------------------------------|-----------------------------------------------------------------------------|----------------------|-------------------------------------|----------------------------------------------------------|------------------------------|
| Property, plant and equipment    | (15,554)                | 4,567                                           | (689)                                                                       | (22)                 | --                                  | 156                                                      | (11,542)                     |
| Intangible assets                | (806)                   | (4,851)                                         | (908)                                                                       | --                   | --                                  | (158)                                                    | (6,723)                      |
| Tax losses carried-forward       | 1,707                   | (444)                                           | --                                                                          | --                   | --                                  | (13)                                                     | 1,250                        |
| Derivative financial instruments | --                      | 643                                             | --                                                                          | --                   | --                                  | (2)                                                      | 641                          |
| Other items                      | 319                     | (1,549)                                         | --                                                                          | --                   | --                                  | 27                                                       | (1,203)                      |
| <b>Total</b>                     | <b>(14,334)</b>         | <b>(1,634)</b>                                  | <b>(1,597)</b>                                                              | <b>(22)</b>          | <b>--</b>                           | <b>(10)</b>                                              | <b>(17,577)</b>              |

Movements in temporary differences during the year 2021 were as follows:

| TEUR                          | Balance at<br>1 January | Recognized<br>in profit or<br>loss<br>(Note 32) | Additions<br>resulting<br>from<br>business<br>combination<br>ns<br>(Note 1) | Recognized<br>in OCI | Recognized<br>directly in<br>equity | Effect of<br>movements<br>in foreign<br>exchange<br>rate | Balance at<br>31<br>December |
|-------------------------------|-------------------------|-------------------------------------------------|-----------------------------------------------------------------------------|----------------------|-------------------------------------|----------------------------------------------------------|------------------------------|
| Property, plant and equipment | (14,212)                | 410                                             | --                                                                          | (1,327)              | --                                  | (425)                                                    | (15,554)                     |
| Intangible assets             | (505)                   | (527)                                           | --                                                                          | --                   | --                                  | 226                                                      | (806)                        |
| Tax losses carried-forward    | --                      | 1,639                                           | --                                                                          | --                   | --                                  | 68                                                       | 1,707                        |
| Other items                   | 189                     | 51                                              | --                                                                          | --                   | 65                                  | 14                                                       | 319                          |
| <b>Total</b>                  | <b>(14,528)</b>         | <b>1,573</b>                                    | <b>--</b>                                                                   | <b>(1,327)</b>       | <b>65</b>                           | <b>(117)</b>                                             | <b>(14,334)</b>              |

**22. Operating derivative instruments – commodity contracts**

|                                            | 2023<br>TEUR | 2022<br>TEUR   | 2021<br>TEUR |
|--------------------------------------------|--------------|----------------|--------------|
| <b>Positive fair values of derivatives</b> |              |                |              |
| Commodity derivatives – gas                | --           | 3,123          | --           |
| <b>Subtotal</b>                            | <b>--</b>    | <b>3,123</b>   | <b>--</b>    |
| <b>Negative fair values of derivatives</b> |              |                |              |
| Commodity derivatives – gas                | --           | (3,777)        | --           |
| <b>Subtotal</b>                            | <b>--</b>    | <b>(3,777)</b> | <b>--</b>    |
| <b>Total net derivative instruments</b>    | <b>--</b>    | <b>(654)</b>   | <b>--</b>    |

## 22. Operating derivative instruments – commodity contracts (continued)

| As at 31 December 2022                        | Currency        | Maturity        | Fair value at<br>31/12/2022<br>TEUR          | Due within<br>1 year<br>TEUR          | Due in 1–5<br>years<br>TEUR          |
|-----------------------------------------------|-----------------|-----------------|----------------------------------------------|---------------------------------------|--------------------------------------|
| <b>Derivative financial assets</b>            |                 |                 |                                              |                                       |                                      |
| Commodity derivative – Gas                    | RON             | 01.04.2023      | 3,123                                        | 3,123                                 | --                                   |
| <b>Total derivative financial assets</b>      |                 |                 | <b>3,123</b>                                 | <b>3,123</b>                          | <b>--</b>                            |
| <b>As at 31 December 2022</b>                 | <b>Currency</b> | <b>Maturity</b> | <b>Fair value at<br/>31/12/2022<br/>TEUR</b> | <b>Due within<br/>1 year<br/>TEUR</b> | <b>Due in 1–5<br/>years<br/>TEUR</b> |
| <b>Derivative financial liabilities</b>       |                 |                 |                                              |                                       |                                      |
| Commodity derivative – Gas                    | RON             | 01.04.2023      | (3,777)                                      | (3,777)                               | --                                   |
| <b>Total derivative financial liabilities</b> |                 |                 | <b>(3,777)</b>                               | <b>(3,777)</b>                        | <b>--</b>                            |
| <b>Total net derivative instruments</b>       |                 |                 | <b>(654)</b>                                 | <b>(654)</b>                          | <b>--</b>                            |

Movements of derivatives during the year 2023, 2022 and 2021 were as follows:

|                                            | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|--------------------------------------------|--------------|--------------|--------------|
| <b>Balance at 1 January</b>                | <b>(654)</b> | <b>--</b>    | <b>--</b>    |
| Acquisitions through business combinations | --           | --           | --           |
| Settlement of derivatives                  | 654          | (77,098)     | --           |
| Change in fair value of derivatives        | --           | 76,444       | --           |
| <b>Balance at 31 December</b>              | <b>--</b>    | <b>(654)</b> | <b>--</b>    |

Fair value of derivative financial instruments was disclosed for commodity contracts for gas in Romania that did not qualify for application of “own-use” exemption as at 31 December 2022 (refer also to Note 25, Revenues and expenses related to core operations; operating derivatives). No contracts were designated as hedging derivatives. Fair value is determined on the basis of market data, available from external contributors and are classified at Level 2 for gas. Income approach was used as valuation model. Values were determined based on the future cash flows using a risk-free rate considering the maturity of the contracts, energy prices obtained gas prices from Romania Commodity Exchange and estimated quantities. The estimated fair value would increase/(decrease) if the energy prices were higher/(lower).

Management estimates that a decrease by 10% in gas prices would lead to an increase of liability from TEUR 3,777 to TEUR 4,865 and the assets would decrease from TEUR 3,123 to TEUR 2,409. An increase by 10% in the gas price would lead a decrease in the liability from TEUR 3,777 to TEUR 2,584 and the assets would increase from TEUR 3,123 to TEUR 3,909.

A change by 1% in the risk-free rate would generate a decrease in assets by TEUR 222 and liabilities would suffer immaterial evolution.

For more information about the Group’s exposure to liquidity risk and foreign currency risk, refer to Note 4.



## 23. Equity

### Share capital

#### Authorised capital

As at 31 December 2023, the Company's authorised share capital of EUR 100,001 was composed of 100,001 authorised ordinary shares with a nominal value of EUR 1 each. The Company's issued and fully paid share capital of EUR 100,001 was composed of 100,001 issued ordinary shares with a nominal value of EUR 1 each. On 9 April 2024, the Company increased its authorised share capital by the creation of 40,000 additional shares and performed a 1 to 1,000 share split. For further details refer to Note 36.

|                                                 | 2023<br>Number of<br>shares | 2023<br>EUR | 2022<br>Number of<br>shares | 2022<br>EUR | 2021<br>Number of<br>shares | 2021<br>EUR |
|-------------------------------------------------|-----------------------------|-------------|-----------------------------|-------------|-----------------------------|-------------|
| <b>Authorised</b>                               |                             |             |                             |             |                             |             |
| Balance at 1 January                            | 100,001                     | 100,001     | 100,001                     | 100,001     | 1,250                       | 1,250       |
| Issue of shares (Ordinary shares of EUR 1 each) | --                          | --          | --                          | --          | 98,751                      | 98,751      |
| Balance at 31 December                          | 100,001                     | 100,001     | 100,001                     | 100,001     | 100,001                     | 100,001     |
| <b>Issued and fully paid</b>                    |                             |             |                             |             |                             |             |
| Balance at 1 January                            | 100,001                     | 100,001     | 100,001                     | 100,001     | 1,210                       | 1,210       |
| Issue of shares (Ordinary shares of EUR 1 each) | --                          | --          | --                          | --          | 98,791                      | 98,791      |
| Balance at 31 December                          | 100,001                     | 100,001     | 100,001                     | 100,001     | 100,001                     | 100,001     |

On 26 January 2021, the Board of Directors decided to increase the Company's authorised share capital from EUR 1,250 divided into 1,250 ordinary shares of nominal value of EUR 1 each to EUR 100,000 divided into 100,000 ordinary shares, by the creation of 98,750 additional shares of nominal value of EUR 1 each.

On 18 June 2021, the Company's authorised share capital increased further to EUR 100,001 divided by 100,001 ordinary shares of nominal value of EUR 1 each.

#### Issued capital

On 26 January 2021, the Company increased its issued share capital from EUR 1,210 to EUR 100,000 by issuing 98,790 additional ordinary shares with nominal value of 1 each. The percentage of the Group's parent company to the Company decreased from 100% to 99.99% and the remaining 0.01% is held by 6 minority shareholders with 1 ordinary share each.

On 18 June 2021, the Company issued 1 additional ordinary share to the Group's parent company at a premium of TEUR 3,807.

The holders of ordinary shares are entitled to receive dividends as approved in the general meeting from time to time and are entitled to one vote per share at meetings of the Company.

The ordinary shares shall confer on their holders the following rights:

- The right to receive notice, attend and vote at any proposed General Meeting and/or proposed resolution of the General Meeting and/or any proposed unanimous written resolution of the General Meeting.
- The right to receive dividends in accordance with Regulations 112-114A.
- On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive assets corresponding to (i) the nominal value of the ordinary shares and (ii) to the amount remaining payable as provided for in Regulation 114A (c).

#### Share premium

On 18 June 2021, the Company increased its share capital and share premium by issue of 1 ordinary share of nominal value EUR 1 per share and a share premium of TEUR 3,807 per share. As at 31 December 2023, the Company's share premium amounted to TEUR 22,457 (2022: TEUR 22,457, 2021: TEUR 22,457).

## 23. Equity (continued)

### Common control transaction reserve

The common control transaction reserve balance as at 31 December 2023, 31 December 2022 and at 31 December 2021 of negative TEUR (5,018) resulted from the 2020 transfer of shares in LIGATNE LIMITED from EMMA ALPHA HOLDING LTD to the Company under common control.

### Revaluation reserve

The revaluation reserve arises on the revaluation of Gas distribution networks to fair value. The revaluation reserve balance as at 31 December 2023 of TEUR 46,790 (2022: TEUR 37,883; 2021: TEUR 37,768) represents total revaluation of TEUR 55,703 (2022: TEUR 45,099; 2021: TEUR 44,962) and tax effect of TEUR (8,913) (2022: TEUR (7,216); 2021: TEUR (7,194)).

### Translation reserve

The translation reserve balance as at 31 December 2023 of TEUR 133 (2022: negative TEUR (7,446), 2021: negative TEUR (4,758) represents notably foreign exchange differences arising from the translation of the financial statements of the subsidiaries with a functional currency other than EUR.

### Legal reserve

The legal reserve balance as at 31 December 2023 of TEUR 3,434 (2022: TEUR 2,804; 2021: TEUR 2,194) represents the amount required by the Romanian and Moldova state to protect the Group against future financial losses. The Group is in compliance with the specific requirement.

### Dividends paid

During 2023, the Group distributed dividends to the Group's parent company in total amount of TEUR 18,000. Interim dividends in the total amount of TEUR 10,748 were distributed to minority shareholders of subsidiaries.

During 2022, interim dividends for the total amount of TEUR 3,087 were distributed to minority shareholders of subsidiaries.

During 2021, interim dividends in the total amount of TEUR 350 were distributed to minority shareholders of subsidiaries.

### Dividends per share

Dividends paid to the Group's parent company

|                                                                                                                      | 2023<br>TEUR  | 2022<br>TEUR | 2021<br>TEUR |
|----------------------------------------------------------------------------------------------------------------------|---------------|--------------|--------------|
| Total dividends paid to the Group's parent company                                                                   | 18,000        | --           | --           |
| <b>Total dividends paid to the parent company</b>                                                                    | <b>18,000</b> | <b>--</b>    | <b>--</b>    |
| Weighted average number of ordinary shares issued                                                                    | 100,001       | 100,001      | 91,769       |
| <b>Dividends per ordinary share attributable to the owners of the Company, basic and diluted (in TEUR per share)</b> | <b>0.180</b>  | <b>--</b>    | <b>--</b>    |



## 23. Equity (continued)

### Earnings per share

#### Basic and diluted earnings per share 2023, 2022 and 2021

The calculation of basic EPS has been adjusted to include the effect of the stock split which occurred after the reporting period. Refer to further details in Note 36. All share and earnings per share information have been retrospectively adjusted to reflect the stock split.

Profit attributable to ordinary shareholders

|                                                                                                                    | 2023<br>TEUR  | 2022<br>TEUR   | 2021<br>TEUR  |
|--------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|
| Profit for the year attributable to ordinary shareholders                                                          | 65,871        | 166,018        | 22,664        |
| <b>Profit attributable to ordinary shareholders</b>                                                                | <b>65,871</b> | <b>166,018</b> | <b>22,664</b> |
| Weighted average number of ordinary shares issued (in thousands)                                                   | 100,001       | 100,001        | 91,768        |
| <b>Earnings per ordinary share attributable to the owners of the Company, basic and diluted (in EUR per share)</b> | <b>0.659</b>  | <b>1.66</b>    | <b>0.247</b>  |

*Weighted average number of ordinary shares 2023*

| <i>In pieces of shares</i>                                                 | Ordinary<br>shares | Weight | Weighted<br>average |
|----------------------------------------------------------------------------|--------------------|--------|---------------------|
| Issued ordinary shares at 1 January 2023                                   | 100,001,000        | 360    | 100,001,000         |
| Restated Weighted average number of ordinary shares as at 31 December 2023 |                    |        | 100,001,000         |

*Weighted average number of ordinary shares 2022*

| <i>In pieces of shares</i>                                        | Ordinary<br>shares | Weight | Weighted<br>average |
|-------------------------------------------------------------------|--------------------|--------|---------------------|
| Issued ordinary shares at 1 January 2022                          | 100,001,000        | 360    | 100,001,000         |
| Weighted average number of ordinary shares as at 31 December 2022 |                    |        | 100,001,000         |

*Weighted average number of ordinary shares 2021*

| <i>In pieces of shares</i>                                        | Ordinary<br>shares | Weight | Weighted<br>average |
|-------------------------------------------------------------------|--------------------|--------|---------------------|
| Issued ordinary shares at 1 January 2021                          | 1,210,000          | 360    | 1,210,000           |
| Effect of ordinary shares issued as at 26 January 2021            | 98,790,000         | 330    | 90,557,500          |
| Effect of ordinary shares issued as at 18 June 2021               | 1,000              | 180    | 500                 |
| Weighted average number of ordinary shares as at 31 December 2021 |                    |        | 91,768,000          |

## 24. Non-controlling interest

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2023.

| TEUR                             | TRUE ENERGY<br>MANAGEMENT S.R.L. | ECOENERGIA S.R.L. | Subtotal | TOTAL  |
|----------------------------------|----------------------------------|-------------------|----------|--------|
| NCI percentage                   | 40.00%                           | 20.00%            |          |        |
| Non-current assets               | 11,245                           | 33,033            |          |        |
| Current assets                   | 1,512                            | 9,509             |          |        |
| Non-current liabilities          | --                               | (14,074)          |          |        |
| Current liabilities              | (7,433)                          | (4,884)           |          |        |
| Net assets                       | 5,324                            | 23,584            |          |        |
| Net assets attributable to NCI   | 2,130                            | 4,717             | 6,847    | 39,247 |
| Revenue                          | --                               | (8,017)           |          |        |
| Profit / (loss)                  | (645)                            | 5,714             |          |        |
| OCI                              | (30)                             | (125)             |          |        |
| Total comprehensive income       | (675)                            | 5,589             |          |        |
| Profit / (loss) allocated to NCI | (258)                            | 1,143             | 885      | 13,091 |
| OCI allocated to NCI             | (12)                             | (25)              | (37)     | 495    |

| TEUR                             | ALIVE CAPITAL<br>S.A. | ENERGIA<br>MILENIULUI III<br>S.A. | JOSECO<br>HOLDINGS<br>Group | Subtotal |
|----------------------------------|-----------------------|-----------------------------------|-----------------------------|----------|
| NCI percentage                   | 49.00%                | 20.00%                            | 7.26%                       |          |
| Non-current assets               | 24,852                | 10,083                            | 217,923                     |          |
| Current assets                   | 36,251                | 277                               | 71,717                      |          |
| Non-current liabilities          | (7,836)               | (1,738)                           | (35,856)                    |          |
| Current liabilities              | (24,750)              | (3,847)                           | (47,043)                    |          |
| Net assets                       | 28,517                | 4,775                             | 206,741                     |          |
| Net assets attributable to NCI   | 13,973                | 1,592                             | 15,009                      | 30,574   |
| Revenue                          | 180,496               | --                                | 532,013                     |          |
| Profit / (loss)                  | 16,558                | (126)                             | 54,263                      |          |
| OCI                              | (188)                 | (27)                              | 8,967                       |          |
| Total comprehensive income       | 16,370                | (153)                             | 63,230                      |          |
| Profit / (loss) allocated to NCI | 8,112                 | (42)                              | 3,940                       | 12,010   |
| OCI allocated to NCI             | (92)                  | (9)                               | 650                         | 549      |

| TEUR                             | LIGATNE GAS S.R.L. | ENEX NALBANT<br>RENEWABLE<br>S.R.L. | ALIVE<br>CAPITAL<br>D.O.O. Beograd | Subtotal |
|----------------------------------|--------------------|-------------------------------------|------------------------------------|----------|
| NCI percentage                   | 0.04%              | 20.00%                              | 49.01%                             |          |
| Non-current assets               | 2,623              | 18,500                              | 2                                  |          |
| Current assets                   | 4,269              | 913                                 | 1,326                              |          |
| Non-current liabilities          | (544)              | (6,964)                             |                                    |          |
| Current liabilities              | (4,003)            | (3,312)                             | (1,331)                            |          |
| Net assets                       | 2,345              | 9,137                               | (3)                                |          |
| Net assets attributable to NCI   | --                 | 1,827                               | (1)                                | 1,826    |
| Revenue                          | 7,221              | 232                                 | --                                 |          |
| Profit / (loss)                  | 151                | 1,008                               | (13)                               |          |
| OCI                              | --                 | (85)                                | --                                 |          |
| Total comprehensive income       | 151                | 923                                 | (13)                               |          |
| Profit / (loss) allocated to NCI | --                 | 202                                 | (6)                                | 196      |
| OCI allocated to NCI             | --                 | (17)                                | --                                 | (17)     |



**24. Non-controlling interest (continued)**

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2022.

| TEUR                             | HARGAZ<br>HARGHITA GAZ<br>S.A. | TRUE ENERGY<br>MANAGEMENT<br>S.R.L. | Subtotal                          | TOTAL    |
|----------------------------------|--------------------------------|-------------------------------------|-----------------------------------|----------|
| NCI percentage                   | 0.33%                          | 40.00%                              |                                   |          |
| Non-current assets               | 4,816                          | 8,407                               |                                   |          |
| Current assets                   | 515                            | 755                                 |                                   |          |
| Non-current liabilities          | (344)                          | --                                  |                                   |          |
| Current liabilities              | (198)                          | (4,779)                             |                                   |          |
| Net assets                       | 4,789                          | 4,383                               |                                   |          |
| Net assets attributable to NCI   | 16                             | 1,753                               | 1,769                             | 33,480   |
| Revenue                          | 828                            | --                                  |                                   |          |
| Profit / (loss)                  | 184                            | (107)                               |                                   |          |
| OCI                              | --                             | (10)                                |                                   |          |
| Total comprehensive income       | 184                            | (117)                               |                                   |          |
| Profit / (loss) allocated to NCI | 1                              | (43)                                | (42)                              | 17,226   |
| OCI allocated to NCI             | --                             | (4)                                 | (4)                               | (332)    |
| TEUR                             | ECOENERGIA S.R.L.              | ALIVE CAPITAL<br>S.A.               | ENERGIA<br>MILENIULUI<br>III S.A. | Subtotal |
| NCI percentage                   | 20.00%                         | 49.00%                              | 33.33%                            |          |
| Non-current assets               | 38,011                         | 13,136                              | 9,639                             |          |
| Current assets                   | 7,025                          | 38,218                              | 203                               |          |
| Non-current liabilities          | (17,479)                       | 20,125                              | (1,788)                           |          |
| Current liabilities              | (9,563)                        | (39,785)                            | (5,052)                           |          |
| Net assets                       | 17,994                         | 31,694                              | 3,002                             |          |
| Net assets attributable to NCI   | 3,599                          | 15,530                              | 1,001                             | 20,130   |
| Revenue                          | 4,586                          | 143,979                             | --                                |          |
| Profit / (loss)                  | 1,053                          | 32,474                              | (280)                             |          |
| OCI                              | (410)                          | (138)                               | (1)                               |          |
| Total comprehensive income       | 643                            | 32,336                              | (281)                             |          |
| Profit / (loss) allocated to NCI | 211                            | 15,911                              | (93)                              | 16,029   |
| OCI allocated to NCI             | (82)                           | (68)                                | --                                | (150)    |
| TEUR                             | JOSECO HOLDINGS<br>Group       | B.E.R.G SISTEM<br>GAZ S.A.          | LIGATNE GAS<br>S.R.L.             | Subtotal |
| NCI percentage                   | 7.26%                          | 0.32%                               | 0.04%                             |          |
| Non-current assets               | 194,729                        | --                                  | 4,018                             |          |
| Current assets                   | 62,429                         | --                                  | 158                               |          |
| Non-current liabilities          | (39,042)                       | --                                  | --                                |          |
| Current liabilities              | (58,595)                       | --                                  | (4,016)                           |          |
| Net assets                       | 159,521                        | --                                  | 160                               |          |
| Net assets attributable to NCI   | 11,581                         | --                                  | --                                | 11,581   |
| Revenue                          | 371,200                        | 4,196                               | 212                               |          |
| Profit / (loss)                  | 17,071                         | (42)                                | (369)                             |          |
| OCI                              | (2,457)                        | 89                                  | (2)                               |          |
| Total comprehensive income       | 14,614                         | 47                                  | (371)                             |          |
| Profit / (loss) allocated to NCI | 1,239                          | --                                  | --                                | 1,239    |
| OCI allocated to NCI             | (178)                          | --                                  | --                                | (178)    |

**24. Non-controlling interest (continued)**

The following table summarises the information relating to each of the Group's subsidiaries that has material NCI in 2021.

| TEUR                             | JOSECO HOLDINGS<br>Group | B.E.R.G Sistem<br>Gaz S.A. | LIGATNE GAS<br>S.R.L. | Total  |
|----------------------------------|--------------------------|----------------------------|-----------------------|--------|
| NCI percentage                   | 7.26%                    | 0.32%                      | 0.04%                 |        |
| Non-current assets               | 192,303                  | 2,410                      | 1,325                 |        |
| Current assets                   | 26,922                   | 1,858                      | 141                   |        |
| Non-current liabilities          | (34,293)                 | --                         | (4,289)               |        |
| Current liabilities              | (40,017)                 | (504)                      | (79)                  |        |
| Net assets                       | 144,915                  | 3,764                      | (2,902)               |        |
| Net assets attributable to NCI   | 10,520                   | 11                         | --                    | 10,731 |
| Revenue                          | 191,747                  | 3,579                      | 207                   |        |
| Profit                           | (4,875)                  | 2,592                      | 435                   |        |
| OCI                              | 7,149                    | (313)                      | --                    |        |
| Total comprehensive income       | 2,536                    | 2,279                      | 435                   |        |
| Profit / (loss) allocated to NCI | (354)                    | 2                          | --                    | (352)  |
| OCI allocated to NCI             | 519                      | (1)                        | --                    | 518    |

**25. Revenues and expenses related to core operations; operating derivatives****Revenue streams and related expenses including operating derivatives**

|                                                     | 2023<br>TEUR     | 2022<br>TEUR     | 2021<br>TEUR     |
|-----------------------------------------------------|------------------|------------------|------------------|
| Revenues from renewable energy                      | 181,405          | 146,882          | --               |
| Revenues from sale of green certificates            | 4,832            | 3,407            | --               |
| Revenues from gas distribution and supply           | 299,950          | 553,844          | 209,933          |
| Revenues from electricity distribution and supply   | 425,788          | 392,037          | 191,747          |
| <b>Revenues</b>                                     | <b>911,975</b>   | <b>1,096,170</b> | <b>401,680</b>   |
| Cost of renewable energy sold                       | (127,427)        | (87,675)         | --               |
| Green certificates sold                             | (4,101)          | (2,762)          | --               |
| Cost of gas sold                                    | (290,734)        | (462,827)        | (143,077)        |
| Operating derivatives – gas                         | --               | 76,444           | --               |
| Cost of electricity sold                            | (280,045)        | (300,517)        | (148,579)        |
| Transportation of electricity                       | (36,295)         | (33,882)         | (20,389)         |
| <b>Costs of electricity, gas and transportation</b> | <b>(738,602)</b> | <b>(811,219)</b> | <b>(312,045)</b> |

In 2023, 2022 and 2021, the revenue from the distribution and supply of electricity is generated mainly by the Moldovan companies. As described in Note 1, at the end of each year, ANRE can recalculate the actual tariff for the distribution and supply of electricity using the actual costs and CAPEX incurred for the respective year and the difference can be taken into account (added or deducted) in the tariffs set for the next year. These tariff deviations for a year are generated by the difference between the revenues billed from electricity distributed and supplied at the regulated tariffs approved by ANRE and the total costs and returns for the year calculated according to the methodology based on the actual costs and CAPEX incurred in that year. During 2023, the tariffs were higher than actual costs, causing the business to generate more revenue and profits than the regulatory framework generally allows. On the other hand, during 2022 and 2021, the tariffs were lower than actual costs, causing the business to generate less revenue and profits than the regulatory framework generally allows.

Revenues include other income related to core business.



## **25. Revenues and expenses related to core operations (continued)**

### **Revenue streams and related expenses (continued)**

In 2023 and 2022, the revenue from the distribution and supply of electricity comprises also revenues of TEUR 6,131 (2022: TEUR 22,216) from sales of electricity in Romania included in the reportable segment Natural Gas.

In 2023, the quantities of gas sold are 6.1 million MWh (2022: 6.5 million MWh; 2021: 7.1 million MWh).

The costs of gas sold comprise the acquisition price of the gas sold, and the transportation tariffs charged by Transgaz. During the year ended 31 December 2023, the Group purchased 6.0 million MWh of gas at an average price of 40 EUR / MWh (2022: 7.0 million MWh of gas at an average price of 57 EUR / MWh; 2021: 6.7 million MWh of gas at an average price of 21 EUR / MWh), including the transportation tariffs charged by Transgaz.

Construction-related revenue related to the natural gas network in Romania and included in the revenues from gas distribution and supply above in 2023 was TEUR 737 (2022: TEUR 2,734; 2021: TEUR 1,544).

As a result of the new acquisitions into renewable electricity generation and management in 2022, ECOENERGIA S.R.L. and ALIVE CAPITAL S.A. in particular (refer also to Note 1), the Group disclosed new revenue streams: Revenues from renewable energy and Revenues from sale of green certificates, refer to Note 3n for further details. In 2023, the quantity of the renewable energy sold accounted for approx. 1.1 TWh (2022: 0.73 TWh) while the total number of green certificates sold was of 166 thousand (2022: 120 thousand).

For information about the reportable segments, including geographic concentration, refer to Note 6.

In 2022, net gain / (loss) on operating derivatives in the amount of TEUR 76,444 resulted from commodity contracts for gas in Romania that did not qualify for application of "own-use" exemption as at 31 December 2022 (refer also to Note 22. Derivative financial instruments). No contracts were designated as hedging derivatives.

### **Contract balances**

The following table provides information about receivables, contract assets and contract liabilities from contracts with customers:

|                      | <b>2023</b> | <b>2022</b> | <b>2021</b> |
|----------------------|-------------|-------------|-------------|
|                      | <b>TEUR</b> | <b>TEUR</b> | <b>TEUR</b> |
| Trade receivables    | 88,386      | 108,520     | 73,976      |
| Contract assets      | 779         | 154         | 208         |
| Contract liabilities | (17,574)    | (11,169)    | (6,501)     |

The total amount of contract assets of TEUR 779 (2022: TEUR 154; 2021: TEUR 208) relates to the Group's right to consideration from end users in relation to connection works in progress. There was no impact on contract asset as a result of an acquisition of subsidiary nor any impairment charge.

The contract liabilities primarily relate to the advance consideration received from customers, for which revenue is recognised over time. This will be recognized as revenue when the gas is actually delivered, in the case of gas advances, or when the works are completed, in the case of advances for network extensions/connections.

The amount of TEUR 11,169 included in contract liabilities as at 31 December 2022 has been recognised as revenue in 2023 (2022: TEUR 6,501; 2021: TEUR 5,679).

In 2022, an increase in contract liabilities is attributable to ALIVE CAPITAL S.A., the subsidiary managing renewable energy producers that was acquired through business combination in 2022 (refer to note 1). Increase in contract assets is mainly attributable to the Group's natural gas business.

## 26. Services and material expenses

|                                              | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR    |
|----------------------------------------------|-----------------|-----------------|-----------------|
| Professional services                        | (3,245)         | (2,733)         | (2,677)         |
| Independent auditor's remuneration           | (1,293)         | (615)           | (316)           |
| Advertising and marketing                    | (1,190)         | (293)           | (93)            |
| Taxes, other than income tax                 | (2,990)         | (1,138)         | (1,322)         |
| Rental, maintenance and repair expenses      | (10,076)        | (8,457)         | (5,359)         |
| Telecommunication and postage                | (1,305)         | (1,070)         | (825)           |
| Travel expenses                              | (332)           | (241)           | (102)           |
| Information technologies                     | (1,623)         | (1,398)         | (1,102)         |
| Distribution, transport and storage of goods | (6,117)         | (10,696)        | (10,455)        |
| Energy consumption                           | (328)           | (575)           | (74)            |
| Provision for tax risks                      | (3,940)         | --              | --              |
| Other                                        | (13,582)        | (9,343)         | (4,333)         |
| <b>Services and material expenses</b>        | <b>(46,021)</b> | <b>(36,559)</b> | <b>(26,658)</b> |

Professional services expenses represent administration expense, accounting services expense and advisory expense.

Amount paid for audit services totals TEUR 1,283 (2022: TEUR 583; 2021: TEUR 309) and other services provided by auditors TEUR 11 (2022: TEUR 32; 2021: TEUR 7).

## 27. Personnel expenses

|                                                                   | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR    |
|-------------------------------------------------------------------|-----------------|-----------------|-----------------|
| Employee compensation                                             | (25,700)        | (20,293)        | (15,623)        |
| Payroll related taxes (including social and pension contribution) | (3,061)         | (2,467)         | (2,142)         |
| <b>Personnel expenses</b>                                         | <b>(28,761)</b> | <b>(22,760)</b> | <b>(17,765)</b> |

The average number of employees in the Group for the year 2023 was 1,332 employees (2022: 1,311 employees; 2021: 1,200 employees).

## 28. Impairment losses on loans and receivables and other assets

|                                                     | 2023<br>TEUR | 2022<br>TEUR   | 2021<br>TEUR |
|-----------------------------------------------------|--------------|----------------|--------------|
| Net impairment losses on loans                      | 58           | (48)           | 4            |
| Net impairment losses on trade receivables          | 1,050        | (1,197)        | 180          |
| Net impairment losses on other financial assets     | --           | --             | (5)          |
|                                                     | <b>1,108</b> | <b>(1,245)</b> | <b>179</b>   |
|                                                     | 2023<br>TEUR | 2022<br>TEUR   | 2021<br>TEUR |
| Net impairment losses on other non-financial assets | --           | --             | --           |
|                                                     | --           | --             | --           |

For the year ended 31<sup>st</sup> December 2023, 2022 and 2021, changes in net impairment losses on loans provided to third and related parties are attributable mainly to changes in the country rates (refer also to Note 13. Loans receivable).



## 28. Impairment losses on loans and other assets (continued)

For the year ended 31<sup>st</sup> December 2021, net impairment losses on trade receivables were recognized in the gas segment in Romania and electricity infrastructure segment in Moldova. For the year ended 31<sup>st</sup> December 2022, net impairment losses on trade receivables were recognized in the gas segment in Romania. For the year ended 31<sup>st</sup> December 2023, net impairment losses on trade receivables were recognized mostly in the gas segment in Romania.

Based on IFRS 9 requirements, net impairment losses on loans and receivables have been disclosed in a separate line item in profit or loss.

In 2022, significant part of impairment on trade receivables in amount of TEUR (1,053) is attributable to gas segment in Romania, in line with the growth of gas business in Romania. In 2022, write-off impairment losses on sold items are attributable to assigned receivables in the segment.

|                                                          | 2023<br>TEUR  | 2022<br>TEUR  | 2021<br>TEUR  |
|----------------------------------------------------------|---------------|---------------|---------------|
| Balance 1 January                                        | 15,175        | 13,540        | 12,355        |
| Additions resulting from business combination            | 2,087         | --            | --            |
| Impairment loss recognized in profit or loss             | 381           | 1,445         | 177           |
| Reversal of impairment loss recognized in profit or loss | (1,486)       | (200)         | (356)         |
| Write-off impairment losses on sold items                | (1,470)       | (1,160)       | --            |
| Release of impairment losses on written off items        | (3)           | --            | --            |
| Transfer to/from non-financial assets                    | --            | 1,657         | --            |
| Effects of movements in foreign exchange rate            | 278           | (107)         | 1,364         |
| <b>Balance 31 December</b>                               | <b>14,962</b> | <b>15,175</b> | <b>13,540</b> |

## 29. Other operating income

|                                                                   | 2023<br>TEUR  | 2022<br>TEUR  | 2021<br>TEUR |
|-------------------------------------------------------------------|---------------|---------------|--------------|
| Rental income                                                     | 787           | 558           | 521          |
| Gain on sale of property, plant, equipment, and intangible assets | 19            | 56            | 532          |
| Other income                                                      | 34,032        | 22,462        | 1,855        |
|                                                                   | <b>34,838</b> | <b>23,076</b> | <b>2,908</b> |

In 2022, Other income is represented mainly by the Romanian State subsidy for price caps that are in place and that are recoverable from the Ministry of Energy.

For the years ended 31<sup>st</sup> December 2023, 31<sup>st</sup> December 2022 and 31<sup>st</sup> December 2021, the Group incurred net foreign currency losses which are disclosed under Other operating expenses.

## 30. Other operating expenses

|                                                                            | 2023<br>TEUR   | 2022<br>TEUR   | 2021<br>TEUR |
|----------------------------------------------------------------------------|----------------|----------------|--------------|
| Loss on sale of property, plant and equipment                              | (180)          | --             | --           |
| Net impairment losses on property, plant and equipment recognized (Note 8) | 188            | (523)          | (26)         |
| Net foreign currency losses                                                | (1,968)        | (1,974)        | (576)        |
|                                                                            | <b>(1,960)</b> | <b>(2,497)</b> | <b>(602)</b> |

### 31. Net finance income/expenses

|                                                                                                                      | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR   |
|----------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|----------------|
| Interest income                                                                                                      | 2,323           | 1,156           | 106            |
| Gain on revaluation of financial equity instruments at fair value through profit or loss (Note 12. Financial assets) | --              | --              | 1,185          |
| <b>Total finance income</b>                                                                                          | <b>2,323</b>    | <b>1,156</b>    | <b>1,291</b>   |
| Interest expense                                                                                                     | (10,668)        | (9,496)         | (5,447)        |
| Fee and commission expense                                                                                           | (2,015)         | (1,630)         | (1,061)        |
| Net losses from financial assets and liabilities                                                                     | --              | (43)            | (33)           |
| <b>Total finance expense</b>                                                                                         | <b>(12,683)</b> | <b>(11,169)</b> | <b>(6,541)</b> |
| <b>Net finance expenses</b>                                                                                          | <b>(10,360)</b> | <b>(10,013)</b> | <b>(5,250)</b> |
|                                                                                                                      | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR   |
| <b>Interest income</b>                                                                                               |                 |                 |                |
| Due from banks and other financial institutions                                                                      | 2,146           | 890             | 21             |
| Loans to corporations and other loans                                                                                | 177             | 266             | 85             |
| <b>Total finance income</b>                                                                                          | <b>2,323</b>    | <b>1,156</b>    | <b>106</b>     |
|                                                                                                                      | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR   |
| <b>Interest expense</b>                                                                                              |                 |                 |                |
| Due to non-banks                                                                                                     | (37)            | (360)           | (768)          |
| Due to banks and other financial institutions                                                                        | (10,015)        | (8,681)         | (4,612)        |
| Interest on lease liabilities                                                                                        | (80)            | (186)           | (67)           |
| Debt securities issued                                                                                               | (160)           | (135)           | --             |
| Other                                                                                                                | (376)           | (134)           | --             |
|                                                                                                                      | <b>(10,668)</b> | <b>(9,496)</b>  | <b>(5,447)</b> |

### 32. Income tax expense

|                                                              | 2023<br>TEUR    | 2022<br>TEUR    | 2021<br>TEUR   |
|--------------------------------------------------------------|-----------------|-----------------|----------------|
| <b>Current tax expense</b>                                   |                 |                 |                |
| Current year                                                 | (23,545)        | (39,622)        | (6,882)        |
| <b>Deferred tax expense (Note 21)</b>                        |                 |                 |                |
| Origination and reversal of temporary differences            | (1,074)         | (85)            | (117)          |
| Recognition of previously unrecognised tax losses            | --              | --              | 1,639          |
| Other items                                                  | 1,283           | (1,549)         | 51             |
|                                                              | 209             | (1,634)         | 1,573          |
| <b>Total income tax expense recognised in profit or loss</b> | <b>(23,336)</b> | <b>(41,256)</b> | <b>(5,309)</b> |



**32. Income tax expense (continued)**

| Reconciliation of effective tax rate               | 2023<br>%     | 2023<br>TEUR    | 2022<br>%     | 2022<br>TEUR    | 2021<br>%     | 2021<br>TEUR   |
|----------------------------------------------------|---------------|-----------------|---------------|-----------------|---------------|----------------|
| Profit before tax                                  |               | 102,298         |               | 224,500         |               | 27,621         |
| Income tax using the domestic tax rate (see below) | (12.5)        | (12,788)        | (12.5)        | (28,063)        | (12.5)        | (3,453)        |
| Effect of tax rates in foreign jurisdictions       | 2.60          | 2,695           | (3.10)        | (6,863)         | (4.8)         | (1,325)        |
| Items taxed at different tax rate                  | (10.8)        | (11,060)        | (0.8)         | (1,861)         | --            | --             |
| Non-deductible costs                               | (4.3)         | (4,414)         | (3.2)         | (7,160)         | (16.0)        | (4,412)        |
| Non-taxable income                                 | 2.1           | 2,107           | 1.8           | 4,128           | 11.0          | 3,052          |
| Adjustments to prior year                          | (0.1)         | (122)           | (0.0)         | (21)            | --            | --             |
| Tax loss carried forward not recognised            | (0.6)         | (630)           | (0.2)         | (539)           | (1.3)         | (361)          |
| Utilised tax loss not previously recognised        | 0.4           | 362             | (0.0)         | (21)            | --            | --             |
| Other                                              | 0.5           | 514             | (0.4)         | (856)           | 4.3           | 1,190          |
| <b>Total income tax expense</b>                    | <b>(22.7)</b> | <b>(23,336)</b> | <b>(18.4)</b> | <b>(41,256)</b> | <b>(19.3)</b> | <b>(5,309)</b> |

|                                        | 2023<br>TEUR   | 2022<br>TEUR   | 2021<br>TEUR   |
|----------------------------------------|----------------|----------------|----------------|
| Current income tax assets              | 26             | 66             | 26             |
| Current income tax liabilities         | (3,946)        | (3,126)        | (3,965)        |
| <b>Net current income tax position</b> | <b>(3,920)</b> | <b>(3,060)</b> | <b>(3,939)</b> |

The following table represents deferred tax recognized in other comprehensive income in years 2023, 2022 and 2021:

|                                          | Before tax     | Tax (expense) / benefit | Net of tax     |
|------------------------------------------|----------------|-------------------------|----------------|
|                                          | 2023<br>TEUR   | 2023<br>TEUR            | 2023<br>TEUR   |
| Revaluation of Gas distribution networks | 10,604         | (1,697)                 | 8,907          |
| Translation reserve                      | 8,075          | --                      | 8,075          |
| <b>Total</b>                             | <b>18,679</b>  | <b>(1,697)</b>          | <b>16,982</b>  |
|                                          | 2022<br>TEUR   | 2022<br>TEUR            | 2022<br>TEUR   |
| Revaluation of Gas distribution networks | 137            | (22)                    | 115            |
| Translation reserve                      | (2,941)        | --                      | (2,941)        |
| <b>Total</b>                             | <b>(2,804)</b> | <b>(22)</b>             | <b>(2,826)</b> |
|                                          | 2021<br>TEUR   | 2021<br>TEUR            | 2021<br>TEUR   |
| Revaluation of Gas distribution networks | 8,291          | (1,327)                 | 6,964          |
| Translation reserve                      | 6,367          | --                      | 6,367          |
| <b>Total</b>                             | <b>14,658</b>  | <b>(1,327)</b>          | <b>13,331</b>  |

## 32. Income tax expense (continued)

Corporate income tax rates for tax domiciles of entities in consolidated Group for fiscal years 2023, 2022 and 2021 can be summarized as follows:

|         | 2023  | 2022  | 2021  |
|---------|-------|-------|-------|
| Cyprus  | 12.5% | 12.5% | 12.5% |
| Romania | 16%   | 16%   | 16%   |
| Moldova | 12%   | 12%   | 12%   |
| Hungary | 9%    | 9%    | --    |
| Serbia  | 15%   | --    | --    |

In Cyprus and Moldova, tax losses may be carried forward for five years. In Romania tax losses may be carried forward for seven years. Group companies may deduct losses against profits arising during the same tax year. The balance of tax losses which is available for offset against future taxable profits amounts to 10,726 for which no deferred tax asset is recognized in the special purpose consolidated statement of financial position because it is not probable that future taxable profit will arise. Out of that amount, the tax losses of TEUR 10,713 are attributable to Cypriot entities and will be expiring in the years 2026-2028.

Under certain conditions, interest income in Cyprus may be subject to defence contribution at the rate of 30%. In such cases, this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

The Group operates mainly in Cyprus, Romania and Moldova. In Cyprus, the draft legislation to implement the global minimum top-up tax has not been enacted, thus there is no impact for current tax or for additional disclosures for Cyprus. The Group operates in Romania where the statutory tax rate is 16% and in Moldova, where the statutory tax rate is 12%. The Group expects to be subject to the top-up tax in relation to its operations in Moldova and it has been estimated that the effective tax rate is below 15%. There is no current tax impact for the year ended 31 December 2023. The impact for further periods is being estimated.

There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Refer also to other risks under Financial Risk Management note.

## 33. Related party transactions

The Group's parent company is EMMA ALPHA HOLDING LTD and the ultimate controlling party is Mr. Šmejč. Parent company of EMMA ALPHA HOLDING LTD is MEF HOLDINGS LIMITED.

### (a) Transactions and balances with the parent company and the ultimate owner

|                           | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|---------------------------|--------------|--------------|--------------|
| Interest income           | --           | 201          | 2            |
| Interest expense          | --           | (175)        | (670)        |
| <b>Total transactions</b> | <b>--</b>    | <b>26</b>    | <b>(668)</b> |

In 2023, no loans were provided to the Group's parent company.

During 2022, entities within the Group provided to EMMA ALPHA HOLDING LTD loans in total amount of TEUR 20,709 that were fully repaid during 2022. Interest income of TEUR 201 was recognised in profit or loss.

During 2022, MEF HOLDINGS LIMITED provided a loan to Ecoenergia S.R.L. as part of the acquisition in the amount of TEUR 24,000 while EMMA ALPHA HOLDING LTD provided a loan of TEUR 1,000. Interest expense of TEUR 175 was recognised in profit or loss. The loans were fully repaid during 2022 primarily with new bank financing and some from cash flow generation within Ecoenergia S.R.L.

During 2021, the Group received a loan from EMMA ALPHA HOLDING LTD in the amount of TEUR 83,137, related to the payable for the shares in LIGATNE LIMITED, which was repaid before the year end. Interest expense of TEUR 670 was recognised in profit or loss.

Loan provided to EMMA ALPHA HOLDING LTD, amounting to TEUR 7,003, was made and repaid during 2021.

During the year 2021, the Company entered into a bank loan agreement for a facility in the amount of TEUR 80,000, under which EMMA ALPHA HOLDING LTD provides a guarantee up to the amount of TEUR 160,000.



### 33. Related party transactions (continued)

#### (b) Transactions and balances with other related parties

|                                   | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|-----------------------------------|--------------|--------------|--------------|
| Bank balances                     | 7,844        | 5,515        | 9,656        |
| Trade receivables                 | 10           | 5            | --           |
| Provided loans                    | 303          | 2,695        | 281          |
| Trade payables                    | --           | (70)         | --           |
| Loans received - due to non-banks | (547)        | (3,965)      | (1,736)      |
| <b>Total balances</b>             | <b>7,610</b> | <b>4,180</b> | <b>8,204</b> |

|                           | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|---------------------------|--------------|--------------|--------------|
| Interest income           | 5            | 31           | --           |
| Interest expense          | (9)          | (108)        | (98)         |
| <b>Total transactions</b> | <b>(4)</b>   | <b>(77)</b>  | <b>(98)</b>  |

As at December 2023, provided loans comprise interest-free loans provided to personnel with maturity date as at 31 March 2026 and 31 October 2032. The Group provided a new loan in the total amount of TEUR 10,000 that was fully repaid during the year. No impairment was recognized during the year.

The Group made total repayments of loans from other related parties of TEUR 491.

On 2 September 2022, a 20% stake in a newly acquired company was sold to a related party to the non-controlling shareholder of a Romanian subsidiary, for TEUR 1,660.

As at 31 December 2022, provided loans comprise loans provided to Alive Energy S.R.L. (non-controlling shareholder of ECOENERGIA S.R.L.) with maturity date as at 5 September 2029 and interest-free loans to personnel with maturity date as at 30 April 2028, 31 December 2028 and 31 December 2029. The Group provided a new loan of TEUR 2,534 and new tranches to outstanding loans of TEUR 283 and received repayments of TEUR 378 (including non-cash payments) during the year 2022. Provided loans in the table above comprise also loans provided to management with interest rate of 0,30% per annum and maturity date on 31 December 2029. During the year, provision of impairment loss on the above provided loans amounted to TEUR 51.

During the year 2022, the Group received loans at the total amount of TEUR 3,544 with interest rates between 3% - 6,65% and maturity date in 2023. The Group made total repayments on these loans of TEUR 677.

As at 31 December 2021, provided loans comprised interest-free loans to personnel with maturity date as at 31 December 2026. New loans at the amount of TEUR 180 and repayments of TEUR 131 were made during the year 2021. Provided loans in the table above comprised also loans provided to management. Repayments at the amount of TEUR 675 were made by the Group during 2021.

#### (b) Transactions and balances with key management personnel

Amounts included in profit or loss in relation to transactions with members of key management and members of Board of Directors of the Company are as follows:

|                                                       | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|-------------------------------------------------------|--------------|--------------|--------------|
| Remuneration payable to members of Board of Directors | 66           | 113          | 7            |
| Remuneration payable to key management personnel      | 1,004        | 483          | 500          |
| <b>Total balances</b>                                 | <b>1,070</b> | <b>596</b>   | <b>507</b>   |
| Remuneration of members of Board of Directors         | 418          | 251          | 572          |
| Remuneration of key management personnel              | 3,556        | 2,973        | 2,823        |
| <b>Total transactions</b>                             | <b>3,974</b> | <b>3,224</b> | <b>3,395</b> |

Any outstanding remuneration balances for members of the Board of Directors and key management personnel as of 31 December 2023 will be paid during the 1<sup>st</sup> half of 2024.

### 33. Related party transactions (continued)

#### b) Transactions and balances with key management personnel (continued)

Loans provided to members of key management and members of Board of Directors of the Company are as follows:

|                              | 2023<br>TEUR | 2022<br>TEUR | 2021<br>TEUR |
|------------------------------|--------------|--------------|--------------|
| Loans provided to management | 31           | 44           | 12           |
| <b>Total balances</b>        | <b>31</b>    | <b>44</b>    | <b>12</b>    |

The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group. Loans provided to management comprise interest-free loans with maturity date as at 31 December 2026.

During the year 2023, repayment at the amount of TEUR 13 was received by the Group.

During the year 2022, the Group provided to management the amount of TEUR 32. During the year 2021, repayment at the amount of TEUR 4 was received by the Group. No impairment loss was recognised on the above loan.

### 34. Contingencies

Tax inspections are frequent in Romania, consisting of thorough examinations of taxpayers' accounting records. Such inspections sometimes take place months or even years after the establishment of payment obligations. In Romania, the fiscal year remains open to inspections for a period of 5 years. Consequently, companies may owe taxes and fines. Moreover, tax legislation undergoes frequent changes, and authorities often demonstrate inconsistency in interpreting the law. The Romanian subsidiaries have not undergone any tax inspection in the past 5 years. The Group believes that it has timely and fully settled all taxes, duties, penalties, and punitive interest, as applicable. Management considers that it has appropriately recorded tax obligations in the special purpose consolidated financial statements; however, there remains a risk that tax authorities may adopt different positions regarding the interpretation of these issues.

### 35. Commitments

#### a) Capital commitments

According to ANRE decision No. 64 dated 22 February 2018 regarding the approval of methodology for electricity distribution tariff calculation, the Group carries out capital investments within the energy sector in order to improve or extend the infrastructure network in Moldova.

According to certain service concession contracts, the Group has investment commitments for gas network construction in Romania of approximately 186 km with an estimated value of EUR 14 million to be developed over the next few years. The Group has analysed the fulfilment of the obligations assumed by the concession contracts as at the date of these financial statements and considers that it has fulfilled its assumed obligations to date and there is no risk of penalties or termination of contracts.

#### b) Letters of guarantee

As at 31 December 2023, the Group has issued letters of guarantee for payment, good execution and tender participation in total amount of TEUR 14,285 (2022: TEUR 22,562; 2021: TEUR 4,584).



### **36. Events after the reporting period**

On 9 April 2024, the Company increased its authorized share capital from EUR 100,001 divided into 100,001 ordinary shares of EUR 1 each to EUR 140,001 divided into 140,001 ordinary shares of nominal value of EUR 1 each by the issue of 40,000 additional authorized shares with a nominal value of EUR 1 each. On the same day, the Company subdivided its authorized share capital into shares of a smaller amount via a 1 to 1,000 stock split. The Company's authorized share capital was therefore subdivided into 140,001,000 ordinary shares of nominal value of EUR 0.001 each. Due to this change, the Company's issued share capital was subdivided from EUR 100,001 divided into 100,001 ordinary shares of EUR 1 each to 100,001,000 ordinary shares of nominal value EUR 0.001 each.

On 21 March 2024, the Company's shares were irrevocably and unconditionally released and discharged from the security pledge under bank loan G.

Also on 21 March 2024, the Group's supply tariffs in Moldova were decreased by ANRE by 2% while the Group's distribution tariffs were increased by 12%.

On 29 February 2024, the Group's 6 MW solar plant development near Budești, Moldova became fully operational at a cost of TEUR 3,376.

On 27 February 2024, the Group's electricity distribution business in Moldova drew an additional USD 17.0 million (EUR 15.9 million) of financing from the EBRD and EIB to fund capital expenditure projects within the distribution network in Moldova.

On 21 December 2023, Premier Energy Plc entered into a sale and purchase agreement for the acquisition of the entire share capital of the Romanian company CEZ Vanzare S.A. for the consideration of TEUR 20,000 plus annualized interest of 10% between the signing date of 21 December 2023 and closing. The acquisition received Romanian Competition Council approval on 14 March 2024 and Foreign Direct Investment approval on 29 March 2024 and is expected to close during the month of April 2024.

On 7 December 2023, the Group entered into a business transfer agreement in exchange for EUR 18.7 million for the acquisition of an existing wind power plant of 18 MW power installed, with the possibility to extend the capacity with another 8 MW. The transaction received Foreign Direct Investment approval in Romania on 29 March 2024 and the Competition Council approval on 3 April 2024.

On 11 April 2024, the Board of Directors of PREMIER ENERGY PLC authorized these special purpose consolidated financial statements for issue.



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**THE COMPANY**  
**Premier Energy Plc**



A handwritten signature in blue ink, appearing to read 'Petr Stohr', written over a horizontal line.

**Petr Stohr**

**Director and Chief Financial Officer**





**SELLING SHAREHOLDER**

**Emma Alpha Holding Limited**



**Andri Pangalou**

**Director**

**Demetrios Aletraris**

**Director**

