



2021 HALF YEAR STANDALONE DIRECTORS' REPORT (H1 2021)

**(based on the condensed separate interim financial statements prepared in accordance
with IAS 34)**

**REGARDING THE ECONOMIC AND FINANCIAL ACTIVITY OF SOCIETATEA ENERGETICA
ELECTRICA S.A.**

**in compliance with art. 67 of the Law no. 24/2017 on issuers of financial instruments and
market operations and with annex no. 14 to ASF Regulation no. 5/2018 and the Bucharest
Stock Exchange Code**

for the six-month period ended 30 June 2021

*Free translation from the Romanian version of the report, which will prevail in the event of any discrepancies with
the English version.*

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Glossary

ANRE	Romanian Energy Regulatory Authority
BoD	Board of Directors
BRP	Balance Responsible Party
BSE	Bucharest Stock Exchange
CAPEX	Capital Expenditure
CGC	Corporate Governance Code
CMBC (EA/CN)	Centralized Market for Bilateral Contracts (Extended Auction/Continuous Negotiation)
CMC	Competitive Market Component
CMNG-AN	Centralized Market for Bilateral Natural Gas Contracts – Auction and Negotiation
CMNG-PA	Centralized Market for Bilateral Natural Gas Contracts – Public Auction
CMNG – OTC	Centralized Market for Bilateral Natural Gas Contracts – OTC
CMUS	Centralized Market for Universal Service
CNTEE	The National Transmission System Operator
DAM	Day Ahead Market
DAM-NG	Day Ahead Market – Natural Gas
DEER	Distributie Energie Electrica Romania
DSO	Distribution System Operator
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortization
EDN	Electrical Distribution Network
ETN	Electrical Transmission Network
ELSA	Electrica S.A.
EGMS	Extraordinary General Meeting of Shareholders
EU	European Union
EUR	EURO, the monetary unit of several member states of the European Union
FPM-LT	Medium and Long Term Flexible Products Market
GC	Green Certificates
GDP	Gross Domestic Product
GDR	Global Depositary Receipts
GEO	Government Emergency Ordinance
GMS	General Meeting of Shareholders
HV	High Voltage
IAS	International Accounting Standard
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standard
IM-NG	Intraday Market for Natural Gas
IPO	Initial Public Offering
IR	Investor Relations
ISIN	International Securities Identification Number
KPI	Key Performance Indicators

kV	KiloVolt
LR	Last Resort
LV	Low Voltage
MV	Medium Voltage
MVA	Mega Volt Ampere
MWh	MegaWatt hour
MKP	Management Key Position
NAFA	National Agency for Fiscal Administration
NES	National Energy System
NL	Network Losses
NRC	Nomination and Remuneration Committee
OMPF	Order of Ministry of Public Finances
OGMS	Ordinary General Meeting of Shareholders
OHL	Overhead Line
OHS	Occupational Health and Safety
OPCOM	Romanian Gas and Electricity market operator
RAB	Regulated Asset Base
RM	Retail Market
RON	Romanian monetary unit
RRR	Regulated Rate of Return
SAD	Distribution Automation System
SCADA	Supervisory Control And Data Acquisition
SDMN	Societatea de Distributie a Energiei Electrice Muntenia Nord
SDTN	Societatea de Distributie a Energiei Electrice Transilvania Nord
SDTS	Societatea de Distributie a Energiei Electrice Transilvania Sud
SEM	Servicii Energetice Muntenia SA
SEO	Servicii Energetice Oltenia SA
SoLR	Supplier of last resort
TWh	TeraWatt hour
TSO	Transmission and system operator
UM	Unit of Measurement
US	Universal Service
VAT	Value Added Tax

1. Identification Details Of The Issuer

Report date: 16 September 2021

Company name: Societatea Energetica Electrica S.A.

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

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

Sole Registration Code: 13267221

Trade Registry registration number: J40/7425/2000

LEI Code (Legal Entity Identifier): 213800P4SUNUM5AUDX61

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

Main characteristic of issued shares: 346,443,597 ordinary shares of 10 RON nominal value, out of which 6,890,593 treasury shares and 339,553,004 shares issued in dematerialized form and freely transferable, nominative, tradable and fully paid

Regulated market where the issued securities are traded: the Company's shares are listed on the Bucharest Stock Exchange (ticker: EL), and the Global Depositary Receipts (ticker: ELSA) are listed on the London Stock Exchange

Applicable accounting standards: interim financial statements based on the International Accounting Standard IAS 34 – Interim Financial Reporting

Reporting period: 2021 Half-year (period 1 January – 30 June 2021)

Audit/Review: the condensed separate interim financial statements as of and for the six month period ended 30 June 2021 are reviewed by an independent financial auditor

	Ordinary Shares	GDR
ISIN	ROELECACNOR5	US83367Y2072
Bloomberg Symbol	0QVZ	ELSA: LI
Currency	RON	USD
Nominal Value	RON 10	RON 40
Stock Market	Bucharest Stock Exchange REGS	London Stock Exchange MAIN MARKET
Ticker	EL	ELSA

Source: Electrica

2. Highlights

Electrica SA ("ELSA") aims at the coordination and efficient control of investments in subsidiaries carrying out electricity distribution and supply activities, as well as energy services. Currently, the core business of the company, according to the Statute is "Activities of business and management consulting", performing corporate activities at parent company level for its subsidiaries.

ELSA is the parent company of one electricity distribution company (set up from merger of three electricity distribution companies), one electricity and natural gas supplier and five companies providing services in the energy sector (out of which four are currently in bankruptcy). As of 31 August 2020, ELSA has an indirect shareholding of 100% in one energy production company from renewable sources (photovoltaic panels), Electrica Energie Verde 1 SRL, which was acquired by the subsidiary Electrica Furnizare S.A..

2.1. Key events during the period January – June 2021 (H1 2021)

During the six months period ended 30 June 2021 the following main events took place:

■ Decisions of General Meetings of Shareholders

On 4 March 2021, **ELSA's BoD approved the convening of ELSA's Ordinary General Meeting of Shareholders (OGMS)** and of the **Extraordinary General Meeting of Shareholders (EGMS)**, meetings that took place on 28 April 2021.

During the **OGMS, ELSA's shareholders approved** mainly the following:

- the audited annual financial statements for 2020 and the ELSA's budget of revenues and expenses for 2021, both at individual and consolidated level;
- distribution of the net profit for the financial year 2020: total value of gross dividends - RON 247.9 mn, value of gross dividend/share - RON 0.73, ex date – 2 June 2021, registration date – 3 June 2021, date of dividends' payment – 25 June 2021;
- discharge of liability of the members of ELSA's Board of Directors for the financial year 2020;
- prolongation of the mandate of the financial auditor of ELSA, Deloitte Audit S.R.L., for a two-year period, respectively for the financial years 2021 and 2022;
- the Remuneration Policy of the Directors and Executive Managers;
- the election of the BoD's members, by applying the cumulative voting method. Following the elections, ELSA's new Board of Directors is composed of: Mr. Iulian Cristian Bosoanca, Mr. Gicu Iorga, Mr. Ion-Cosmin Petrescu, Mr. Adrian-Florin Lotrean, Mr. Radu Mircea Florescu, Mr. Dragos-Valentin Neacsu and Mr. George Cristodorescu. The mandate's duration for the directors elected is for a period of four years.

The shareholders attending the EGMS approved mainly the following:

- the guarantee to be issued by ELSA for the term loan in the amount of up to EUR 210 mn or equivalent in RON that DEER will contract from the European Investment Bank (EIB) for financing the investment plan for the period 2021-2023, the value of the guarantee provided by ELSA at the first request being of maximum EUR 252 mn or equivalent in RON;
- ELSA's contracting of a non-binding bridge loan in the amount of up to RON 750 mn from a consortium consisting of Erste Bank and Raiffeisen Bank, together with an engagement letter for arranging a bond issuance (conditional upon obtaining the necessary corporate approvals) to finance the inorganic growth opportunities, having a single guarantee, a movable mortgage on accounts opened by ELSA with BCR and Raiffeisen Bank,

for a maximum value of RON 825 mn.

On 18 June 2021, **ELSA's BoD approved the convening of ELSA's Extraordinary General Meeting of Shareholders (EGMS) on 11 August 2021**, the agenda being mainly the following:

- The empowerment of the ELSA representative to participate in the EGMS of DEER and to express the vote in favor of the approval of the transfer of one share held by ELSA in DEER to SERV, representing 0.00000071% of DEER's share capital, for the total price of RON 10 and approving the amendment of article 6 - Share Capital, from the Articles of Association (AoA) of DEER, to reflect the new shareholdings of the two shareholders;
- The empowerment of the ELSA representative to participate in the EGMS of SERV and to express the vote in favor of the approval of the transfer of one share held by ELSA in SERV to DEER, representing 0.00001905% of SERV's share capital, for the total price of RON 10 and approving the amendment of article 6 - Share Capital, from the Articles of Association of SERV, to reflect the new shareholdings of the two shareholders;
- The approval of the participation of ELSA, as founding member, to the establishment of Electrica Foundation;
- The approval for the amendment of the Articles of Association of ELSA, regarding:
 - the alignment of the art. 12, para. (2) provisions with the provisions of Law 24/2017 regarding the issuers of financial instruments and market operations;
 - the introduction of a new attribution of the OGMS regarding the approval of the Remuneration Policy for Directors and Executive Managers;
 - the completion of the situations in which the secret vote is applied, in accordance with the applicable legal provisions.
- The approval of ELSA's participation, together with SERV, in the establishment of a new legal entity - Electrica Productie Energie S.A., organized as a joint stock company, a subsidiary of ELSA, in which ELSA holds a percentage of 99.9920% of the share capital and SERV holds a percentage of 0.0080% of the share capital.

■ **Decisions of ELSA's Board of Directors (BoD)**

During the meeting held on 26 February 2021, ELSA's BoD approved the **consolidated value of the Investment Plan (CAPEX) of Electrica Group for 2021**, in total amount of **RON 712.4 mn**. Out of this value:

- RON 638.9 mn represents the 2021 annual financial plan of the distribution subsidiary DEER regarding the investments (the financial part of the investments' individual plan);
- RON 51.2 mn represents the 2021 annual financial plan of EFSA regarding the investments (the financial part of the investments' individual plan);
- RON 11.6 mn represents the 2021 annual financial plan of SERV regarding the investments (the financial part of the investments' individual plan).

On 6 May 2021, ELSA's Board of Directors elected **Mr. Iulian Cristian Bosoanca as Chair of the Board of Directors** starting with 6 May 2021 until 31 December 2021 and decided the following **composition of the consultative committees**, starting with 6 May 2021 and until 31 December 2021:

- The Audit and Risk committee:
 - Mr. Radu Mircea Florescu – Chair;
 - Mr. Dragos-Valentin Neacsu – Member;
 - Mr. Iulian Cristian Bosoanca – Member.
- The Nomination and Remuneration committee:
 - Mr. Adrian-Florin Lotrean – Chair;

- Mr. Radu Mircea Florescu – Member;
- Mr. Ion Cosmin Petrescu – Member.

- The Strategy and Corporate Governance committee:

- Mr. Gicu Iorga – Chair;
- Mr. George Cristodorescu – Member;
- Mr. Adrian-Florin Lotrean – Member.

- **Litigations**

- On 3 February 2021, the Bucharest Court, Civil Section VII, confirmed the reorganization plan of the company Transenergo Com S.A. (Transenergo), proposed by the special administrator from the case no. 1372/3/2017. According to this plan, unsecured creditors will not benefit from any distributions of amounts. ELSA holds an unsecured receivable in amount of RON 37 mn composed of the main debit of RON 35.7 mn and of penalties of RON 1.3 mn calculated until the date of insolvency proceedings' opening. Since ELSA is the beneficiary of an insurance policy in amount of RON 4 mn having as object the guarantee of the payment obligations of Transenergo resulting from the BRP Services Agreement no. 77/2005, the amount of RON 4 mn was submitted under the resolutive condition of recovering the amounts from the insurer. ELSA appealed the sentence confirming the reorganization plan, appeal that was the object of file no. 1372/3/2017/a35 of the Bucharest Appeal Court.

On 23 June 2021, the court definitively rejected the appeal filed by ELSA against the decision for the confirmation of the reorganization plan of Transenergo Com S.A. no. 469/3 February 2021 issued by Bucharest Tribunal – Civil Section VII - in case no. 1372/3/2017.

Considering that the exposure registered by ELSA in relation to Transenergo was fully provisioned, this file resolution has no negative impact on the company's financial results for 2020 or 2021, the impact being recorded in the previous periods (2016 and 2017 years).

- By the conclusion from 27 April 2021, the Bucharest Tribunal decided to suspend the trial of the case that forms the object of file no. 35729/3/2019 until the final settlement of the file no. 2229/2/2017, pending before the Bucharest Court of Appeal.

File no. 35729/3/2019 has as object the underscoring of the patrimonial liability of the persons who have held positions of directors and respectively of executive managers of ELSA, for not fulfilled and/or improperly fulfilled obligations, according to art. 155 of Law no. 31/1990, which determined the damages retained by the Romanian Court of Accounts by Decision no. 11/23 December 2016, as well as against the representative of the Authority of Valuation of the State Assets in ELSA's OGMS on 10 December 2008 and the issuer of the voting mandate for the respective OGMS.

- The decision no. 1368/18 December 2020 issued in retrial of case no. 4804/2/2020 (former no. 7341/2/2014) of the Bucharest Court of Appeal by which it dismissed the action and the intervention requests as unfounded, became final by non-appealing it by Fondul Proprietatea. The object of the case is Fondul Proprietatea's request for the cancellation of art. I, points 2, 3, 8, 9 and 10 of ANRE Order no. 112/2014 for amending and completing the Methodology for setting the electricity distribution service tariffs, approved by ANRE Order no. 72/2013.

ELSA and DEER are accessory intervenients in the case.

■ Other events

- On 1 May 2021, the mandate agreement of the Chief Corporate Development Officer, Ms. Anamaria-Dana Acristini-Georgescu, effectively terminated upon lapse of the four-year duration.
- On 10 June 2021, was signed the Addendum no. 1 to the Convention no. 25/5 February 2020 concluded by ELSA with EFSA on Internal Treasury, by which the amount that can be borrowed by EFSA within the Convention is increased from up to RON 30 mn to up to RON 180 mn.

■ Events after the reporting period

- On 28 July 2021, three shares Sales and Purchase Agreements ("SPAs") were signed in three project companies, by ELSA, as buyer, with Mr. Emanuel Muntmark and with Mr. Catalin Mrejeru, as sellers, having as main object of activity the production of energy from renewable sources, as follows:
 - A SPA regarding the acquisition of 100% of the shares held by the sellers in Crucea Power Park SRL for an estimated total price of EUR 8,470,000. The final price will be determined by adjusting the total estimated price depending on the production capacity, respectively the authorized storage, based on a contractually established calculation formula. Crucea Power Park SRL develops the eolian project "Crucea Est", with a designed installed capacity of 121 MW and a projected electricity storage capacity of 60 MWh (15 MW x 4h), located outside the Crucea commune, Constanta county;
 - A SPA regarding the acquisition of 100% of the shares held by the sellers in Sunwind Energy SRL for a total estimated price of EUR 1,485,000. The final price will be determined by adjusting the total estimated price according to the authorized production capacity, based on a contractually established calculation formula. Sunwind Energy SRL is developing the photovoltaic project "Satu Mare 2" with a designed installed capacity of 27 MW, located near Satu Mare;
 - A SPA regarding the acquisition of 100% of the shares held by the sellers in New Trend Energy SRL for a total estimated price of EUR 3,245,000. The final price will be determined by adjusting the total estimated price according to the authorized production capacity, based on a contractually established calculation formula. New Trend Energy SRL develops the photovoltaic project "Satu Mare 3", with a designed capacity of 59 MW, located near Satu Mare.

The SPAs stipulate the acquisition by Electrica of the shares in the three companies and the payment of the corresponding price in four stages; in the first stage, when signing the sale-purchase agreements, 30% of the share capital of the three companies will be acquired, and subsequently the rest of the shares will be acquired depending on the development stage of the project and provided that the suspensive conditions are met.

The shareholders attending the EGMS dated 11 August 2021 approved mainly the following:

- The empowerment of the ELSA representative to participate in the EGMS of DEER and to express the vote in favor of the approval of the transfer of one share held by ELSA in DEER to SERV, representing 0.00000071% of DEER's share capital, for the total price of RON 10 and approving the amendment of article 6 - Share Capital, from the Articles of Association (AoA) of DEER, to reflect the new shareholdings of the two shareholders;
- The empowerment of the ELSA representative to participate in the EGMS of SERV and to express the vote in favor of the approval of the transfer of one share held by ELSA in SERV to DEER, representing 0.00001905% of SERV's share capital, for the total price of RON 10 and approving the amendment of article 6 - Share Capital,

- from the Articles of Association of SERV, to reflect the new shareholdings of the two shareholders;
- The participation of ELSA, as founding member, to the establishment of Electrica Foundation;
- The amendment of the Articles of Association of ELSA, regarding:
 - the alignment of the art. 12, para. (2) provisions with the provisions of Law 24/2017 regarding the issuers of financial instruments and market operations;
 - the introduction of a new attribution of the OGMS regarding the approval of the Remuneration Policy for Directors and Executive Managers;
 - the completion of the situations in which the secret vote is applied, in accordance with the applicable legal provisions.
- The ELSA's participation, together with SERV, in the establishment of a new legal entity - Electrica Productie Energie S.A., organized as a joint stock company, a subsidiary of ELSA, in which ELSA holds a percentage of 99.9920% of the share capital and SERV holds a percentage of 0.0080% of the share capital.

■ **Measures adopted in COVID-19 context**

In the context of the crisis generated by the COVID-19 pandemic, ELSA's representatives frequently communicated with all the stakeholders, announcements being released to present the measures taken by the Group companies and COVID-19's impact on them.

In the fight against COVID-19 pandemic, ELSA has adopted all the necessary measures so that the **activity of the companies within the Group to continue to be carried out under normal conditions.**

The management permanently monitors **the financial performance and liquidity of the Group companies** on several tiers, to ensure the availability of the necessary funds for carrying out the activity, by analysing with priority the cash flow, including the impact that the legislative changes may have on the Group's activities. The aim is to secure the collection of receivables from customers, to use the banking structures for liquidity concentration ("cash-pooling"), as well as the financing facilities available for the companies within the Group.

3. Shareholders' Structure

Until July 2014, the Romanian State, through its representative (currently, the Ministry of Energy), was the sole shareholder of ELSA. As of 4 July 2014, after the Initial Public Offering, the Company's shares are listed on the Bucharest Stock Exchange (BSE – ticker EL), and the Global Depositary Receipts are listed on the London Stock Exchange (LSE – ticker ELSA).

After the secondary public offer that ended on 3 December 2019, during which a total number of 208,554 new shares were subscribed, with a nominal value of RON 10 and a total nominal value of RON 2,085,540, the ownership structure according to the Central Depository records (Romanian: Depozitarul Central) as of **30 June 2021**, is the following:

Shareholder	Number of shares held	Percent of the share capital	Shares with voting right	Percent of shares with voting right
Romanian State through the Ministry of Energy	169,046,299	48.7948%	169,046,299	49.7850%
The European Bank for Reconstruction and Development	17,355,272	5.0096%	17,355,272	5.1112%
Electrica (no voting rights)	6,890,593	1.9890%	0	0.0000%
Bank of New York Mellon – GDRs	2,693,556	0.7775%	2,693,556	0.7933%
Other legal persons	135,047,092	38.9810%	135,047,092	39.7720%
Individual persons	15,410,785	4.4483%	15,410,785	4.5386%
TOTAL	346,443,597	100.0000%	339,553,004	100.0000%

Source: Central Depository, Electrica

Note 1: The total shares with voting rights - 339,553,004, representing the total number of shares (346,443,597) without the number of own shares held by Electrica (6,890,593), for which the voting right is suspended

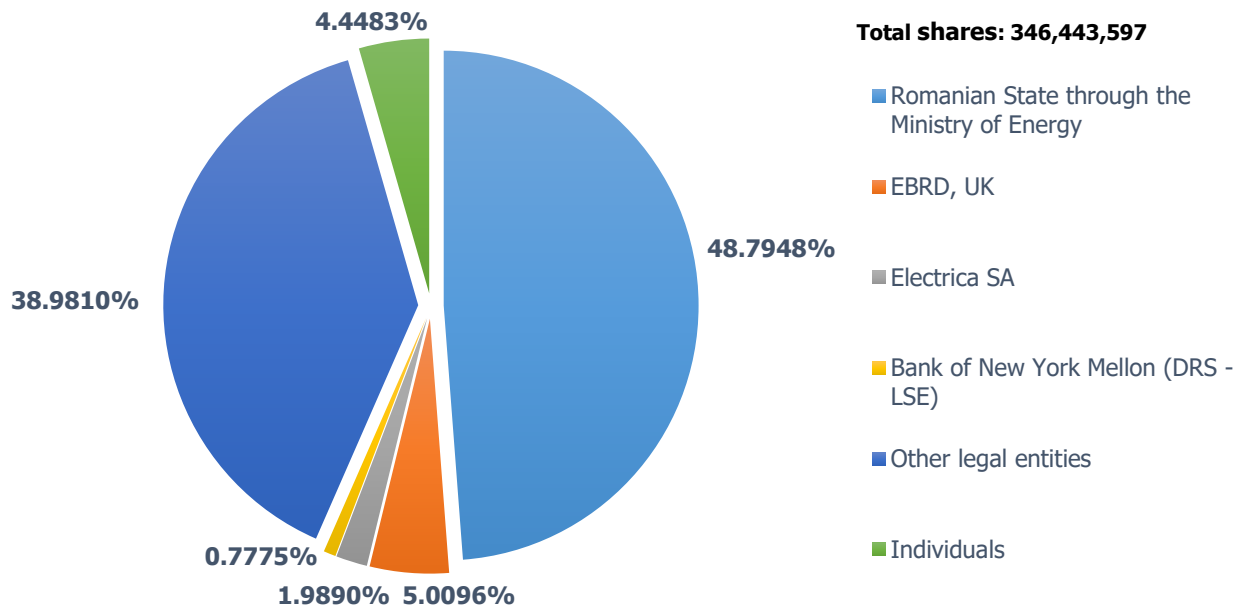
Note 2: Paval Holding, NN Group NV and Allianz SE own, directly or indirectly, between 5% and 10% of the total number of shares with voting right

As of 30 June 2021, the most significant shareholder of ELSA is the Romanian State, represented by the Ministry of Economy, Energy and Business Environment, holding 48.79% (31 December 2020: 48.79%).

The shares presented to be held by the Bank of New York Mellon represent the global depositary receipts (GDRs) owned by ELSA shareholders that are traded on the London Stock Exchange (LSE). A global depositary receipt represents four shares. The Bank of New York Mellon is the depositary bank for these securities.

Following the stabilization process after the June 2014 IPO, ELSA owns 6,890,593 of its shares, representing 1.989% of the total share capital at 31 December 2020, with suspended voting rights, which does not entitle ELSA the right to receive dividends.

Figure 2: Shareholders' Structure as of 30 June 2021



Source: Electrifica

4. Operational Results

Selected financial information from the condensed separate statement of profit or loss – in RON mn:

Indicator	30 June 2021 (reviewed)	30 June 2020 (not reviewed or audited)	Variation (%)
Revenues	-	3.3	-100.0%
Other income	0.5	1.0	-46.8%
Employee benefits	(16.9)	(14.6)	15.5%
Depreciation and amortization	(1.2)	(11.5)	-89.8%
Reversal of impairment of trade and other receivables, net	0.1	-	0.0%
Impairment of property, plant and equipment, net	-	(10.5)	-100.0%
Change in provisions for legal cases and non- competitiveness clauses, net	1.0	(0.6)	-
Other operating expenses	(8.7)	(10.6)	-17.8%
Loss before finance result	(25.2)	(43.5)	-42.2%
Finance income	351.7	238.1	47.7%
Finance costs	(0.1)	(0.1)	-48.9%
Net finance income	351.7	238.0	47.7%
Profit before tax	326.5	194.5	67.9%
Income tax expense	(0.0)	(0.0)	-46.8%
Profit for the period	326.5	194.5	67.9%

Source: Electrica

Revenues

The revenues recognized by ELSA during the six-month period ended 30 June 2020, of RON 3.3 mn, were generated by the service agreements related to the AMR system. Starting with July 2020, ELSA no longer provided services related to the AMR system, as the system was transferred as contribution in kind to the distribution subsidiaries' share capital (in 2020: SDTS, SDMN, SDTN).

Employee benefits

Employee benefits increased by RON 2.3 mn, or 15.5%, to RON 16.9 mn in H1 2021, from RON 14.6 mn in the same period of the previous year, being mainly the effect of the compensations payment for the revocation of several members of the Board of Directors, but also of the benefits' payment for the termination of two mandate contracts.

Depreciation and amortization

In H1 2021, the amortization and depreciation recorded a decrease of RON 10.3 mn, or 89.8%, compared to the same period of the previous year, as a result of the transfer of the AMR system assets to the distribution subsidiaries in June 2020, these representing the assets for which the most significant part of the depreciation charge was recorded at the company level.

Impairment of property, plant and equipment

In H1 2021, the impairment of property, plant and equipment had a favorable effect of RON 10.5 mn, as in 2020 a RON 9.4 mn impairment was recorded, recognized following the valuation of the assets related to the AMR system, in order to be contributed in kind to the distribution subsidiaries' share capital.

Other operating expenses

In the first six months of 2021, the other operating expenses decreased by RON 1.9 mn, or 17.8%, to RON 8.7 mn, from RON 10.6 mn in the same period of the previous year, in 2020 being recorded operating expenses related to the AMR system, expenses that have no correspondent in 2021.

Loss before finance result

As a result of the factors described above, in H1 2021 the loss before financial result recorded a decrease of RON 18.3 mn, reaching RON 25.2 mn, from RON 43.5 mn in H1 2020.

Net financial income

ELSA's main financial income is provided by dividends distributed by its subsidiaries.

The net result for the period

As a result of the factors presented above, in the six-month period ended 30 June 2021, the net profit increased by RON 132 mn, reaching RON 326.5 mn, from RON 194.5 mn in the comparative period.

5. Financial position

The following table presents the separate statement of the financial position (amounts in RON mn):

	30 June 2021 (reviewed)	31 December 2020 (audited)	Variation (%)
ASSETS			
Non-current assets			
Property, plant and equipment	97.3	96.9	0.4%
Intangible assets	0.2	0.3	-40.2%
Investments in subsidiaries	2,284.9	2,284.9	-
Loans granted to subsidiaries – long term	1,030.0	1,030.0	-
Right of use assets	1.0	1.4	-33.1%
Total non-current assets	3,413.3	3,413.5	0.0%
Current assets			
Cash and cash equivalents	81.9	193.5	-57.7%
Restricted cash	320.0	320.0	-
Trade receivables	0.7	0.4	80.8%
Other receivables	378.3	180.8	109.3%
Prepayments	0.3	0.4	-28.9%
Total current assets	781.3	695.1	12.4%
Total assets	4,194.6	4,108.6	2.1%
EQUITY AND LIABILITIES			
Equity			
Share capital	3,464.4	3,464.4	-
Share premium	103.0	103.0	-
Treasury share reserves	(75.4)	(75.4)	-
Pre-paid capital contributions in kind from shareholders	0.0	0.0	-
Revaluation reserves	12.6	12.6	-0.1%
Legal reserves	212.0	212.0	-
Other reserves	35.6	35.6	-
Retained earnings	375.6	296.9	26.5%
Total equity	4,127.9	4,049.3	1.9%
Liabilities			
Non-current liabilities			
Lease liability – long term	0.2	0.5	-59.5%
Employee benefits	1.6	1.5	7.3%
Total non-current liabilities	1.8	1.9	-9.4%
Current liabilities			
Lease liability – short term	0.8	1.0	-17.8%
Trade payables	5.3	7.2	-26.2%
Other payables	47.8	36.0	32.7%

	30 June 2021 (reviewed)	31 December 2020 (audited)	Variation (%)
Deferred revenue	0.1	0.2	-62.3%
Employee benefits	6.1	7.2	-14.7%
Provisions	4.8	5.8	-17.4%
Total current liabilities	64.9	57.3	13.2%
Total liabilities	66.7	59.3	12.4%
Total equity and liabilities	4,194.6	4,108.6	2.1%

Source: Electrica

Non-current assets

As of 30 June 2021, the value of ELSA's non-current assets remained at a similar level compared to the end of 2020.

Current assets

As of 30 June 2021, the current assets increased by RON 86.2 mn compared to 31 December 2020, or 12.4%, from RON 695.1 mn to RON 781.3 mn, this evolution being mainly the net effect of the decrease in the cash and cash equivalents value and of the increase in the other receivables level. Below is the evolution of the current assets that generate most of the variation.

Cash and cash equivalents

Cash and cash equivalents include balances of cash, demand deposits and deposits with maturities of up to three months that have an insignificant exposure to the fair value changes risk.

As of 30 June 2021, cash and cash equivalents decreased by RON 111.6 mn or 57.7% to RON 81.9 mn, from RON 193.5 mn to 31 December 2020, mainly from the reduction in the level of deposits with a maturity of up to three months.

Other receivables

Other receivables increased by RON 197.5 mn in H1 2021, to RON 378.3 mn, from RON 180.8 mn on 31 December 2020; this variation is generated by the increase of receivables related to the cash-pooling structure.

Other payables

Other payables increased in H1 2021 by RON 11.8 mn, reaching the value of RON 47.8 mn, from RON 36 mn at the end of 2020, mainly due to the increase of the cash pooling payables balance.

6. Statement of cash flows

The following table presents the separate statement of cash flows of ELSA (amounts in RON mn):

	30 June 2021 (reviewed)	30 June 2020 (not reviewed or audited)	Variation (%)
Cash flows from operating activities			
Profit for the period	326.5	194.5	67.9%
Adjustments for:			
Depreciation	0.6	10.2	-94.2%
Amortization	0.6	1.3	-54.2%
Impairment of property, plant and equipment, net	-	10.5	-100.0%
(Gain)/ Loss from the disposal of tangible assets	(0.0)	0.6	-
Reversal of impairment of trade and other receivables, net	(0.1)	-	-
Net finance income	(351.7)	(238.0)	47.7%
Changes in employee benefits obligations	-	(0.4)	-100.0%
Changes in provisions, net	(1.0)	0.6	-
Income tax expense	0.0	0.0	-46.8%
	(25.1)	(20.7)	21.1%
Changes in:			
Trade receivables	(0.3)	4.0	-
Other receivables	2.8	(13.4)	-
Trade payables	(1.9)	(3.2)	-39.2%
Other payables	1.5	17.4	-91.6%
Employee benefits	(1.0)	(0.1)	770.4%
Cash used in operating activities	(24.0)	(16.0)	49.8%
Interest paid	(0.0)	(0.0)	-35.1%
Net cash used in operating activities	(24.0)	(16.0)	49.7%
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	(0.9)	(3.5)	-74.4%
Proceeds from the sale of property, plant and equipment	0.0	0.0	-
Proceeds from deposits with maturity of 3 months or longer	-	66.5	-100.0%
Cash used by subsidiaries under the cash pooling facility	(189.1)	(143.6)	31.7%
Interest received	20.2	20.6	-2.0%
Dividends received	329.5	215.0	53.3%
Net cash from investing activities	159.7	154.9	3.1%
Cash flows from financing activities			
Dividends paid	(246.8)	(244.9)	0.8%
Payment of lease liabilities	(0.5)	(0.4)	21.7%
Net cash used in financing activities	(247.3)	(245.3)	0.8%
Net decrease in cash and cash equivalents	(111.6)	(106.4)	4.8%
Cash and cash equivalents at 1 January	193.5	180.3	7.3%
Cash and cash equivalents at 30 June	81.9	73.9	10.9%

Source: Electrica

In H1 2021, the net decrease of cash and cash equivalents was of **RON 111.6 mn.**

The net cash used in operating activities was of RON 24 mn. The net profit was RON 326.5 mn; the main net profit adjustments for non-monetary elements were: adding the depreciation and amortization in the amount of RON 1.2 mn, subtracting the net financial result of RON 351.7 mn and the net change in provisions of RON 1 mn.

The working capital changes had a favorable effect, of RON 1.1 mn, the highest impact being generated by the positive change of other receivables, of RON 2.8 mn, and of other payables, of 1.5 mn, but also by the negative variation of trade payables, in the amount of RON 1.9 mn, and of employee benefits, of RON 1 mn.

From the investing activity was generated cash in the amount of RON 159.7 mn, the highest values being related to the dividends received, of RON 329.5 mn, effect reduced by the net change in the cash pooling structure, of RON 189.1 mn.

The financing activity generated a cash and cash equivalents reduction of RON 247.3 mn, the main factor being the payment of dividends to shareholders, respectively RON 246.8 mn.

In H1 2021, the net decrease of cash and cash equivalents was of **RON 106.4 mn.**

The net cash used in the operating activities was RON 16 mn. The net profit was RON 194.5 mn; the main net profit adjustments for non-monetary elements were: adding the depreciation and amortization in the amount of RON 11.5 mn, the net impairment of property, plant and equipment of RON 10.5 mn and the net change in provisions of RON 0.6 mn, and subtracting the net financial result, of RON 238 mn.

The working capital changes had a favorable effect, of RON 4.7 mn, the highest impact being generated by the positive change of other payables, of RON 17.4 mn and of trade receivables, of RON 4 mn, but also by the negative variation of other receivables, in the amount of RON 13.4 mn, and of trade payables, of RON 3.2 mn.

From the investing activity was generated cash in the amount of RON 154.9 mn, the highest values being related to the dividends received, of RON 215 mn, to the proceeds from deposits with maturity of three months or longer, of RON 66.5 mn, and interest received, of RON 20.6 mn, effect reduced by the net change in the cash pooling structure, of RON 143.6 mn.

The financing activity generated a cash and cash equivalents reduction of RON 245.3 mn, the main factor being the payment of dividends to shareholders, respectively RON 244.9 mn.

7. Outlook

The first semester of 2021 was influenced by the public health events that started in 2020 (the COVID-19 pandemic declared by the WHO on 11 March 2020) and the impact of these events on the business and social environment.

ELSA and its subsidiaries activate in a key economic sector and therefore is closely monitoring both the national and the international context, in order to make the best decisions in the following period and for addressing the challenges on the short and medium term.

Globally, the budgets of countries where the number of pandemic infestations is high and economic sectors such as services, production, transportation, as well as commerce and international trade are affected, all these elements influencing the energy demand, the consumers' behavior, as well as the measures taken by the authorities, both for the energy sector and for the economic environment in general.

The current strategy of the Electrica Group, represented by ELSA and its subsidiaries, is built on a set of trends and assumptions, and the acceleration of digitalization is one of its objectives. This aspect is even more important as during the following period it is necessary to continue to support the measures of social distancing, the need for

remote intervention and back-up, as very relevant aspects for its activities. Thus, it will continue the efforts already started to support investments in IT tools and automation, both for streamlining processes and for increasing the performance of its distribution networks.

Considering the energy policies developed at both EU and national level, as well as the international context of the energy markets, the following trends are expected to characterize on medium and long term the local electricity market:

- Volatility of electricity price, with an accentuated increasing trend - correlation of exogenous factors to the industry - tightening of the environmental conditions in which producers must operate, limiting primary energy sources through imperative policies, the lack of policies to stimulate the emergence of new producers – as well as some endogenous ones - the tendency to sell only for short periods and congestion in the balancing and peak area - accentuates price volatility and the increasing trend;
- Increased competition between the players in the electricity supply market at national level, especially in terms of diversifying the portfolio of products offered to customers (offers for natural gas, insurance, home appliances etc.) and digital services offered (mobile applications, invoices and online payments, extending the customer service through chat solutions); the supply market liberalization imposed the priorities' rethinking and establishing strategies for maintaining the market share;
- The new legislation introducing provisions related to the non-regulated market transactions, will also influence the electricity market and future strategies of the SoLR regarding portfolios' management;
- In the electricity distribution area, the regulatory trend is to provide remuneration to the distribution operator considering both the quality of the service, as well as the operational costs and efficiency based on comparative analysis between DSOs;
- Electricity distributed generation technologies will determine the distribution operators to adapt their processes and strategies regarding the upgrade and development of the network and to offer solutions to the independent producers, considering the appearance of prosumers, which are active participants in the energy market; in this context, significant investments are necessary in order to improve both the transmission and the distribution infrastructure;
- On the long term, full electric vehicles, light commercial vehicles and electrification of railways are expected to increase the consumption of electricity in the transportation sector.
- Future development of technologies will support energy efficiency policies such as:
 - Development of transmission and distribution networks, including smart grid and smart metering;
 - End-use energy efficiency (thermal integrity of buildings, lighting, electric appliances, motor drives, heat pumps etc.);
- The smart metering implementation will offer complex tariffs options to the consumers, detailed information regarding the consumption profile, which might lead to increased flexibility and demand reduction during peak periods. Thus, the consumers shall be better informed and involved in decision-making process, as active participants. The smart metering implementation pace depends on the implementation calendar adopted at national level;
- The significant reduction in the cost of photovoltaic technologies is an opportunity for the development of small-scale generation projects, especially in the domestic area;
- The development of the transmission and distribution infrastructure and long-distance interconnection will become a necessity. The electricity market target model, which implies the development of Europe's internal electricity market, will continue to evolve and be in line with future trends and challenges in the energy industry.

The key drivers of changes in the electricity market are presented in the following table:

Key drivers	Description	Impact on
GDP evolution and industry structure	<p>The economic growth is a determinant factor of electricity demand. Although there is not a one-to-one relationship between GDP growth rate and electricity demand growth rate, there is a positive correlation, mainly between the industrial demand for electricity and economic growth. In the future, household and industrial electricity demand will also be influenced by energy efficiency policies.</p> <p>The increase of electricity consumption was a constant trend in Romania in the last years.</p> <p>The COVID-19 pandemic has temporarily reduced electricity consumption, but the general upward trend will be maintained.</p>	GDP evolution and industry structure
Demographic evolution and technology development	<p>In contrast with the demographic decline recorded at EU and Romanian level, the electricity consumption is positively impacted by the changes in the consumer behavior and the increase in urbanization. For example, the massive increase in the number of connected devices and implicitly, in a less accelerated manner, in the electricity consumption, maintains the increasing trend of consumption. However, due to rising prices, the percentage of the population affected by the energy poverty is expected to increase.</p>	Electricity consumption
Changes in regulatory framework	<p>The regulatory framework has undergone major changes with the aim of aligning the Romanian legislation with the EU legislation. Although important steps have been taken, other major changes are expected to occur in the next decade, particularly following the new Framework Strategy for a European Energy Union, which highlights the need for integration and cooperation amongst member states.</p> <p>In 2019, the 4th regulatory period began, and ANRE approved significant changes to the Methodology both in 2019 and 2020 for all elements of the tariff (regulated rate of return, regulated assets base, network losses, operating and maintenance expenses, dynamic distribution tariffs starting with 2020).</p> <p>In 2020, the most complex process of revision of secondary legislation in recent years (47 regulations) took place in order to align with the amendments of Energy Law, the 15-minute Settlement, financing the connection works of domestic and non-domestic customers with shorter lengths of 2.5 km.</p> <p>For the supply segment, the total liberalization of the electricity market as of 1 January 2021 and the dynamics thus generated among customers and suppliers create implications on energy purchases strategies, sales to end customers, development of new products and services. Also, as a result of the deregulation of end-user prices, the regulatory and monitoring framework shifted towards quality of supply, especially as regards offers, contracts, handling of customers' complaints/requests, etc..</p>	Electricity prices
Technological development	<p>Smart networks and smart meters will create benefits for the end consumers, distribution operators and suppliers in terms of energy efficiency, resource optimization and network operation, implementation of demand response etc. It is necessary to prepare the networks and to integrate the distributed resources (storage solutions, micro-grids, local production, electric machines, etc.), also considering the management of their impact.</p>	Electricity prices and consumption
Increase in environmental awareness	<p>Romania has adopted the EU 20-20-20 targets, aiming to reduce greenhouse gas emissions, improve energy efficiency and raise the share of renewable energy. Moreover, the 2030 Framework provides even more ambitious targets and therefore more efforts are needed from governments and market players to achieve them.</p>	Electricity prices and consumption, regulatory framework

Source: Electrica

8. Statements

Based on the best available information, we confirm that the interim condensed separate financial statements reviewed for the six month period ended 30 June 2021 prepared in accordance with the International Accounting Standard IAS 34 – Interim Financial Reporting, provides an accurate and real image regarding Electrica S.A.'s financial position, the financial performance and the cash flows, as required by the applicable accounting standards, and that this Report, prepared in accordance with art. 67 of the law no. 24/2017 on issuers of financial instruments and market operations and to annex no. 14 to ASF Regulation no. 5/2018 for the six month period ended 30 June 2021, comprises accurate and real information regarding the Company's development and performance.

Chair of the Board of Directors,

Iulian Cristian BOSOANCA

Chief Executive Officer,

Corina Georgeta POPESCU

Chief Financial Officer,

Mihai DARIE

9. Litigations

ELSA litigations in the first semester of 2021 (updated as of 2 September 2021):

1. Disputes with ANRE

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
1	Plaintiff: ELSA Defendant: ANRE 192/2/2015	Cancellation of ANRE's Order no. 146/2014 regarding the establishment of the regulated rate of return considered to the approval of the tariffs for the electricity distribution service provided by concessionary DSOs starting with 1 January 2015 and the abrogation of Art. 122 of the Tariff Setting Methodology for Electricity Distribution Service, approved by the ANRE Order no. 72/2013.	High Court of Cassation and Justice	Appeal – suspended until the settlement of case no. 7341/2/2014 (actual 4804/2/2020), settled definitively on 30.06.2021.
2	Plaintiff: ELSA; Defendant: ANRE; 361/2/2015	Cancellation of ANRE Order no. 155/2014 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDTN).	High Court of Cassation and Justice	Suspended until the settlement of the case file no. 192/2/2015.
3	Plaintiff: ELSA; Defendant: ANRE; 360/2/2015	Cancellation of ANRE Order no. 156/2014 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDTS).	High Court of Cassation and Justice	Suspended until the settlement of the case file no. 192/2/2015.
4	Plaintiff: ELSA; Defendant: ANRE; 340/2/2016	Action for partial annulment (regarding the special tariffs) of the administrative act – ANRE Order 171/2015.	High Court of Cassation and Justice	Appeal - Suspended until the settlement of the case file no. 192/2/2015.
5	Plaintiff: ELSA; Defendant: ANRE; 342/2/2016	Action for partial annulment (regarding the special tariffs) of the administrative act – ANRE Order. No. 172/2015.	High Court of Cassation and Justice	Appeal - Suspended until the settlement of the case file no. 192/2/2015.
6	Plaintiff: ELSA; DEER Defendant: ANRE; 7614/2/2018	Action for partial annulment of ANRE Order no. 169/2018 regarding the approval of the Tariff Setting Methodology for the Electricity Distribution Service.	Bucharest Court of Appeal	In course of settlement.
7	Plaintiff: ELSA; DEER Defendant: ANRE 7591/2/2018	Action for the annulment of the ANRE Order no. 168/2018 regarding the regulatory rate of return and obliging ANRE to issue a new order.	Bucharest Court of Appeal	In course of settlement.
8	Plaintiff: Fondul Proprietatea Defendant: ANRE Intervenient: ELSA; DEER 4804/2/2020 (former 7341/2/2014)	Legal action for the partial annulment of ANRE Order no. 112/2014 regarding the amendment and completion of the tariff setting methodology for the electricity distribution service, approved by the ANRE Order no. 72/2013.	Bucharest Court of Appeal	Retrial – the action was dismissed as unfounded. The decision is definitive by non appeal by the plaintiff.

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
9	Plaintiff: ELSA, DEER Defendant: ANRE 434/2/2019	Legal action for annulment of ANRE Order 197/2018 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive electric energy for DEER (ex SDMN).	Bucharest Court of Appeal	In course of settlement.
10	Plaintiff: ELSA, DEER Defendant: ANRE 435/2/2019	Legal action for annulment of ANRE Order 199/2018 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDTS).	High Court of Cassation and Justice	On 9 June 2020, the court rejected the action as unfounded. An appeal was filed, in filter proceedings.
11	Plaintiff: ELSA, DEER Defendant: ANRE 436/2/2019	Legal action for annulment of ANRE Order 198/2018 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDTN).	Bucharest Court of Appeal	In course of settlement.

Source: Electrica

2. Fiscal matter disputes

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: ELSA Defendant: NAFA 17237/299/2017	1. Suspension of forced execution initiated by NAFA-DGAMC in the enforcement file no. 13267221 under the enforceable order no. 13725/3 May 2017 and of the no. 13739/03 May 2017; 2. Cancellation of the enforcement order no. 13725/3 May 2017, of the no. 61/90/1/2017/263129 (which also bears the No. 13739/3 May 2017) issued by NAFA-DGAMC for the amount of RON 39,248,818 and all subsequent execution orders issued in connection with the forced execution of the amount of RON 39,248,818 in the execution file no. 13267221.	District Court 1	Suspended until the final settlement of case no. 9131/2/2017.
2	Plaintiff: ELSA Defendant: NAFA 9131/2/2017	Annulment of the tax decisions issued by NAFA and communicated to the company by address no. 665/17 March 2017, new accessories amounting to RON 39,053,522.	High Court of Cassation and Justice	Action admitted on merits. ANAF filed an appeal, in course of settlement.
3	Plaintiff: ELSA Defendant: NAFA 6043/2/2018	1. Obligation of NAFA to correct the evidence of tax receivables, so that it reflects the decisions given by the courts in the disputes between the parties, through decisions that have come into the power of the judicial work. 2. In particular, in order to adjust the fiscal statement in the sense indicated in paragraph 1, the NAFA shall be obliged to draw up those corrective administrative acts or operations which: a) to reflect in the fiscal file the	High Court of Cassation and Justice	In first instance, Electrica's action was admitted. NAFA filed an appeal – in course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
		extinguishment by prescription of the amount of RON 16,915,950 representing the profit tax registered in Decision no. 3/2008 (the "Main Claim") and the removal from its tax records, b) to reflect in the fiscal file the corresponding extinction of all the accessories calculated by NAFA in the Main Claim (extinguished by prescription) and the removal from their tax records (including the amount of RON 30,777,354 included in the Decision no. 357/2008).		
4	Plaintiff: ELSA Defendant: NAFA - DGAMC 25091/299/2018	Appeal to execution and suspension of forced execution - cancellation of the enforcement order no. 13566/22 June 2018 and the notice 13567/22 June 2018, issued in the execution file no. 13267221/61/90/1/2018/278530, amounting to RON 10,024,825 (representing the partial fine from the Competition Council).	District Court 1	Suspended until the settlement of case no. 3889/2/2018.
5	Plaintiff: ELSA Defendant: NAFA - DGAMC 2444/2/2021	1. Obligation of NAFA to correct the evidence of tax receivables, held according to art. 153 FPC so that it reflects the decisions given by the courts in the disputes between the parties, through decisions that have come into the power of the judicial work, respectively by: a) Decision no. 1078/17.04.2015 issued by the Bucharest Court of Appeal in case no. 5433/2/2013; b) Decision no. 5154/26.06.2017 issued by Bucharest District 1 Court in case no. 51817/299/2016*; c) Decision no. 624/06.03.2015 issued by the Bucharest Court of Appeal in case no. 7614/2/2013; Obligation of NAFA to draw up those acts or administrative correction operations which: - to reflect Electrica's right to the reimbursement of RON 5,860,080 representing fiscal obligation unlawfully reinstated in the fiscal evidence; - to reflect Electrica's right to the reimbursement of RON 817,521 which was not object of the reimbursement made by NAFA on 22 September 2020, arising from the annulment of the fiscal decision in case mentioned in item 1 above, let. a); 2. Obligation of NAFA to pay the legal interests related to the period 12.12.2016 – 21.09.2020, calculated in a percentage of 0.02%/day of delay for the debt amount of RON 18,687,515 reimbursed on 22.09.2020, in total amount of RON	Bucharest Court of Appeal	Regularization proceedings.

Crt. no.	Parties/Case file number	Object	Court	Case status
		5,161,491.64; 3. Establishing a 15 days term from the decision so that NAFA-DGAMC to settle the fiscal file as indicated above, imposing late penalties of RON 1,000/day of delay for exceeding this term, due to Electrica by DGAMC.		

Source: Electrica

3. Other significant litigations (with a value higher than EUR 500 th)

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: SPEEH Hidroelectrica S.A. Defendant: ELSA 13268/3/2015*	Obligation of Electrica to pay to SPEEH Hidroelectrica SA the amount of RON 5,444,761 (the loss suffered by selling energy at an average price per MWh under the production cost of 1 MWh); partial obligation to pay the unrealized benefit of Hidroelectrica by selling the total amount of 398,300 MWh, calculated according to the ANRE regulations (RON 9,646,826, according to the written instructions dated 5 May 2015/RON 5,444,761 according to the applicant's conclusions mentioned in the Conclusion of 15 March 2017); ordering the defendant to pay the legal interest from the date of the decision until the effective payment, court costs.	Bucharest Court of Appeal	The court of first instance rejects the exception of the prescription of the material right to action as unreasonable and the action as unfounded. Both parties have appealed, dismissed as unfounded. Both parties filed an appeal. Hidroelectrica's appeal was rejected. The ELSA appeal was admitted, the case being sent for retrial to the Bucharest Court of Appeal. In the retrial, the court admits ELSA appeal, changes the appealed sentence in the sense that it admits the exception of the prescription of the material right to action and rejects the action as prescribed. With appeal within 30 days from the communication.
2	Creditor: ELSA Debtor: Petprod S.A. 47478/3/2012/a1	Insolvency proceedings, registering to the list of creditors for the amount of RON 2,591,163	Bucharest Court	Ongoing procedure.
3	Creditor: ELSA Debtor: CET Braila S.A. 2712/113/2013	Bankruptcy, registering to the list of creditors in amount of RON 3,826,035.	Braila Court	Ongoing procedure.
4	Creditor: ELSA, AAAS, BCR SA and others Debtor: Oltchim S.A. 887/90/2013	Bankruptcy, remaining amount to be recovered – RON 671,018,210.	Valcea Court	Ongoing procedure.
5	Creditor: ELSA Debtor: Romenergy Industry SRL 2088/107/2016	Bankruptcy, registering to the list of creditors in amount of RON 2,917,266.	Alba Court	Ongoing procedure.
6	Creditor: ELSA Debtor: Transenergo Com S.A. 1372/3/2017	Insolvency proceedings. Amount RON 37,088,830.	Bucharest Court	Ongoing reorganization procedure. On 03.02.2021, the Debtor's reorganization plan was confirmed, according to which

Crt. no.	Parties/Case file number	Object	Court	Case status
				unsecured receivables do not participate in distributions. ELSA's appeal against the sentence confirming the reorganization plan was definitively dismissed.
7	Creditor: ELSA Debtor: Electra Management & Supply SRL 41095/3/2016	Bankruptcy. Amount: RON 6,027,537.	Bucharest Court	Ongoing procedure
8	Creditor: ELSA Debtor: Fidelis Energy SRL 3052/99/2017	Insolvency proceedings. Amount: RON 11,354,912.	Iasi Court	Ongoing procedure
9	Plaintiff: EL SERV Defendant: ELSA 5930/3/2016*	Obligation to increase the share capital of SEM, with the value of the lands located in Dobroiesti, str. Zorilor no. 71, Ilfov County ("Deposits land and Fundeni thermal power station"), with an area of 6,480 sqm, CADP M03 no. 10982/2008, respectively from Bucharest, Timisoara Boulevard no. 104, district 6 ("Land for energy equipment repair shop", with an area of 8,745 sqm, CADP M03 no. 12917/2014 – amounting to RON 7,344,390.	Bucharest Court of Appeal	Re-trial: By the decision of 20.10.2020, the court dismissed SEM appeal, as unfounded, so that the sentence on merits was maintained by which the exception of prescription was admitted. With appeal within 30 days from the communication. Considering the EGMS SEM Decision no. 9 / 07.11.2019 by which the share capital of SEM was increased with these 2 lands, the request will remain without object. The decision no. 1369/2020 21.10.2020 pronounced by the CAB by which the appeal formulated by SEM was rejected, decision remained final by not exercising the appeal, considering the lack of interest of SEM (the share capital was increased with the 2 lands).
10	Plaintiff: ELSA Defendant: Competition Council 3889/2/2018	Administrative litigation - annulment of Competition Council Decision no. 77/20 December 2017, by which an ELSA charge is set through a fine of RON 10,800,984 and, in the subsidiary, the reduction of the fine set up to the legal minimum of 0.5% of ELSA's turnover, by re-individualizing the alleged anticompetitive facts, with the retention and full use of all mitigating circumstances applicable to ELSA.	High Court of Cassation and Justice	The court dismissed ELSA's action as unfounded; ELSA filed an appeal – in course of settlement.
11	Plaintiff: ELSA Defendant: EL SERV 39968/3/2018	Action for damages - request payment of penalty interest in the amount of RON 6,782,891, related to the amount of RON 10,327,442.	High Court of Cassation and Justice	The first court partly admitted the action and ordered the payment of the legal interest calculated for the period 20.11.2015-

Crt. no.	Parties/Case file number	Object	Court	Case status
				22.05.2018. SERV filed an appeal, dismissed as unfunded. SERV filled a recourse, in filter proceedings.
12	Plaintiff: ELSA Defendant: Elite Insurance Company 44380/3/2018	Claims - request for equivalent value of the insurance policy issued to guarantee the obligations of Transenergo Com S.A., in the amount of RON 4,000,000.	Bucharest Tribunal	Suspended based on art. 307 Civil Procedure Code.
13	Plaintiff: ELSA Transenergo Com S.A. Defendant: Zurich Broker de Asigurare Reasigurare SRL 3310/3/2020	Claims – RON 4,000,000 (ELSA) and RON 97,350 and the bearing of any damage related to the non-fulfilment of its obligation (Transenergo Com) – regarding the insurance policy issued to guarantee the payment obligations of Trasenergo Com	Bucharest Tribunal	The court rejected the request as unfunded, and Transenergo Com request as directed against a person without passive procedural capacity. With appeal within 30 days from communication. To this file was connected the case no. 3474/299/2020.
14	Plaintiff: ELSA Defendant: former directors and administrators of ELSA 35729/3/2019	Claims - claim for damages calculated as a result of the control of the Court of Accounts, amounting RON 322,835,121.	Bucharest Tribunal	Suspended until the final settlement of case 2229/2/2017.
15	Plaintiff: DEER Debtor: ELSA (18976/3/2020) 33763/3/2019	Claims, according to the Court of Accounts Decision, representing payments not owed of RON 20,350,189 made by DEER.	Bucharest Court	Suspended until the final settlement of case not. 1677/105/2017.
16	Plaintiff: DEER Defendant: ELSA 4469/62/2018	Claims according to the Courts of Account findings – RON 8,951,811	Brasov Court	First instance. The High Court of Cassation and Justice solved the negative competence conflict between Brasov Court and Bucharest Court, the case being in course of settlement at Brasov Court.
17	Plaintiff: EFSA Defendant: ELSA 6665/3/2019	Claims: request of payment of invoices paid without justificative documents, as it has been stated by the Court of Account – RON 7,025,632.	Bucharest Court	In course of settlement.
18	Plaintiff: EFSA Defendant: natural persons Called in guarantee: ELSA 35647/3/2019	Claims according to art. 155 of Companies Law no. 31/1990 for the amount of RON 7,128,509.	Bucharest Court	Dismisses as prescribed the action filed by the plaintiff EFSA. and dismisses as objectless the warranty claims issued by the defendants, two former directors and one former general manager,

Crt. no.	Parties/Case file number	Object	Court	Case status
				against ELSA. The amount for which ELSA was called as collateral is aprox. RON 6,232,398, representing the main debit, to which are added interest and payment of any other amounts that the court may charge. EFSA is to appeal.

Source: Electrica

4. Litigations against the Romanian Court of Accounts

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: ELSA Defendant: Romanian Court of Accounts 2268/2/2014*	Suspension and cancellation of the administrative act: Decision no.3/14 January 2014 and the Resolution no. 23/17 March 2014.	High Court of Cassation and Justice	First court: the claim is partly admitted, partially cancels the Resolution no. 23 of 17 March 2014 regarding the items 1 and 5 and the Decision no. 3/14 January 2014 regarding the items 4 and 8. Dismisses, as ungrounded the claim regarding items 2, 3 and 4 in the Resolution no. 23/17 March 2014 and items 5, 6 and 7 in the Decision no 3/14 January 2014. Rejects the request to suspend the execution of Decision no. 3/14 January 2014, as unfounded. ELSA and CCR filed an appeal. The court partly admits ELSA's request and sent the case for retrial to the first instance, regarding the annulment of point 5 of the Decision no. 23/17 March 2014, related to point 8 of the Decision no. 3/14 January 2014. Retrial phase: On first instance, the court rejected the plaintiff's request for annulment of point 5 of the Resolution no. 23/17.03.2014, with correspondent in point 8 of the Decision no. 3/14.01.2014 issued by the defendant. ELSA has appealed the case, with term on 25.03.2022.
2	Plaintiff: ELSA Defendant: Romanian Court of Accounts 2229/2/2017	Partial annulment of Decision no. 12/27 December 2016, issued by the director of the 2 nd Direction from the IV th Department of the Court of Accounts, regarding the faults from point 1 to 8, with the consequence of dismissing the actions from point 1, 3 to 9 inclusive, imposed to ELSA	Bucharest Court of Appeal	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
		by the disputed Decision; the partial annulment of the conclusion no. 12/27 February 2017 of the Court of Accounts, rejecting the objection raised by ELSA against Decision no. 12, regarding the faults and orders mentioned above. In subsidiary, the extension of the deadlines for carrying out all the measures ordered by ELSA through Decision no. 12/27 December 2016 with at least 12 months; the suspension of the enforceability of Decision no. 12 until final settlement of the present dispute.		
3	Plaintiff: ELSA Defendant: Romanian Court of Accounts 7780/2/2018	Administrative litigation for annulment of Decision no. 38/9 October 2018, the annulment of the conclusion by which the appeal imposed by Decision no. 12/1 of 27 December 2016 was dismissed, the revocation of the Decision no. 12/1 and the cessation of any CCR control act.	High Court of Cassation and Justice	The court of first instance dismissed the action as inadmissible. ELSA filed an appeal, with term on 26.05.2022.

Source: Electrica

5. Other litigations with significant impact

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: ELSA Defendant: E – Distributie Banat S.A. 30399/325/2018*	Obligation to do - Mainly obliging the defendant to hand over the documentation for the land in Bocsa. In subsidiary, the obligation to draw up the CADP documentation and payment of damages.	Timisoara Court of Appeal	Case rejected by first and second court. ELSA filed an appeal, admitted by court. The appeal court quashes the contested decision and, re-judging, admits the appeal, partially changes the sentence of the first instance in the sense that it partially admits the action and obliges the defendant to fulfill the formalities imposed by H.G. 834/1991 in order to obtain the Certificate of Attestation of the Property Right and to hand over the documentation for obtaining the certificate. Maintains the sentence regarding the rejection of the main end of the request regarding the obligation of the defendant to hand over the prepared documentation, as well as regarding the obligation of the defendant to pay the comminatory damages. Dismisses the defendant's cross-appeal against the same judgment. Definitive.

Crt. no.	Parties/Case file number	Object	Court	Case status
2	Plaintiff: ELSA Defendant: Baile Herculane City 4572/208/2018	Claim for land Lot 1-NC 32024 (area of 259 sqm) and lot 2 NC 31944 (with a surface of 1,394 sqm), both located in Baile Herculane, Uzinei str. 1 and FC rectification.	Caras Severin Court	The first court admits the exception of the lack of active procedural quality of ELSA and dismisses the action. ELSA filed an appeal, dismissed as unfounded. ELSA filed an appeal, admitted by court, which sends the case for retrial to Caras Severin Court. In course of settlement.
3	Plaintiff: E- Distributie Banat Defendant: ELSA 12857/3/2019	(i) ELSA's compliance with the obligation of not to do regarding the share capital and the AoA of the EDB and the termination of abusive actions consisting of the requests addressed to the ONRC to change the structure of the share capital and the articles of association of the EDB by increasing the share capital with the value of the land in the Certificates of attestation of the property right held by ELSA on the land used by EDB in order to carry out the activity; (ii) Stating the fact that Electrica does not hold the quality of public authority involved in the privatization process and, consequently, acknowledging the absence of the right of ELSA to request ONRC to modify the constitutive act of the EDB by increasing the share capital with the value of the land owned by ELSA based on CADP on the used land from EDB; (iii) As against the abusive actions taken in the EDB's opinion, ELSA's obligation to pay the damages whose existence and amount will be proved by the deadline provided by law.	Bucharest Court	In course of settlement.
4	Plaintiff: ELSA, SAPE Defendant: E- Distributie Banat 949/39/2019	Action for the annulment of Shareholders Decision 5/06.12.2018 (share capital increase for SAPE).	Timis Court	In course of settlement. At this case was connected the case no. 988/30/2019.
5	Plaintiff: E- Distributie Banat Defendant: ELSA 1994/30/2019/a1	Complaint against the resolution of the ORC director.	Timisoara Court of Appeal	The request was rejected. E-Distributie Banat filed an appeal for annulment (case no. 793/59/2021), rejected. E-Distributie Banat filed a request for review (case no. 880/59/2021), which is course of settlement.
6	Plaintiff: ELSA Defendant: UAT Targu Neamt 122/321/2020	1. obliging the defendant to leave us in full ownership and possession the land with an area of 3,389 sqm, located in Targu Neamt, 2. rectification of the entries from the land	Neamt Tribunal	The action was dismissed on merits. ELSA filed an appeal, dismissed as unfounded. The decision is appealable.

Crt. no.	Parties/Case file number	Object	Court	Case status
		book no. 55409 of the City of Targu Neamt, in the sense of suppressing the inappropriate registrations made in it, in order to agree the tabular status with the real legal situation of the building, respectively the cancellation of the property right of the tabular owner Targu Neamt and the registration of the property right of the Energy Company Electrica SA 3. Order the defendant to pay the court costs.		
7	Plaintiff: ELSA Defendant: UAT Bicz 91/188/2020	1.obliging the defendant to leave us in full ownership and possession the land in the area of 10,524 sqm (from documents 22,265 sqm), located in Bicz,, Jud. Neamt. 2. rectification of the entries from the land book no. 52954 of Bicz City, in the sense of suppressing the inappropriate entries made in it, in order to agree on the tabular status with the real legal situation of the building, respectively the cancellation of the property right of the tabular owner Bicz City and the registration of the property right of Societatea Energetice Electrice Electrica S.A. 3. Order the defendant to pay the court costs.	Bicz Court	In course of settlement.
8	Plaintiff: ELSA Defendant: Videle City, through Mayor 948/335/2020	1.obliging the defendants to leave us in full ownership and possession the land surfaces that overlap with the land located in Aleea FRE street no. 1, Videle, Teleorman county, for which we hold CADP. 2. the delimitation of the above-mentioned properties, by establishing the boundary line according to the property deeds of the parties; 3. rectification of the entries in the land book and registration of the property right of the plaintiff ELSA on this area of land	Videle Court	In course of settlement.
9	Plaintiff : ELSA and the subsidiaries Defendant: Romanian Government 3781/2/2020	Annulment of administrative act: Government Decision 1041/2003 on some measures to regulate the facilities granted to pensioners in the electricity sector.	High Court of Cassation and Justice	Case dismissed on merits; it was filed an appeal, in filter proceedings.
10	Plaintiff: ELSA Defendant: Kaufland Romania SCS, Municipiul Deva, prin Primar si Consiliul	1. obliging the defendants to leave us in full ownership and possession the land surfaces that overlap with the ELSA land located in Deva municipality, Dorobanți street no. 1, Hunedoara county, as follows:	Deva Court	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
	Local al Municipiului Deva 156/221/2021	(a) Kaufland Romania SCS - land areas of 15 sqm and 50 sqm (part of the Kaufland Deva parking lot), identified by IE 68452, which overlap to the N-W with the land owned by Electrica; (b) Deva Municipality, through the Mayor and the Local Council of Deva Municipality - land areas: (i) 2 sq m (part of the "Playground for children"), identified by IE 71851, which overlaps to the NE with the land in the ownership of Electrica and (ii) of 23 sqm (part of "Calea Zarandului"), identified by IE 75973, which overlaps to the SW with the land owned by Electrica; 2. the delimitation of the above-mentioned properties, by establishing the boundary line according to the property deeds of the parties; 3. rectification of the entries in the land book regarding the above-mentioned land areas, in the sense of suppressing the inappropriate entries made in it, in order to reconcile the tabular status with the real legal situation of the real estate, respectively of the cancellation of the property right tabular owners and the registration of the property right of the applicant ELSA over these land areas.		
11	Plaintiff: ELSA Defendant: UAT Chisineu Cris 2143/210/2020	1. obliging the defendant to leave us in full ownership and possession the land with an area of 529 sqm identified with no. Cadastral 306526, registered in CF no. 306526 a loc. Chisineu Cris, Jud. Arad, located in Chisineu Cris, str. Înfrățirii no. 63, Arad county, as well as the land with an area of 121 sqm, identified with no. Cadastral 306527, registered in CF no. 306527 a loc. Chisineu Cris, Jud. Arad, located in Chisineu Cris, str. Înfrățirii no. 63, Arad County. 2. rectification of the entries in the land books no. 306526 and 306527 of the City of Chisinau Cris, in the sense of suppressing the inappropriate entries made in them, in order to reconcile the tabular status with the real legal situation of the buildings, respectively the cancellation of the property right of the tabular owner Chisinau City Cris and registration of the property right of ELSA 3. Order the defendant to pay the costs.	Chisineu Cris Court	In course of settlement.

Source: Electrica



SOCIETATEA ENERGETICA ELECTRICA S.A.

Condensed Separate Interim Financial Statements

as at and for the six month period ended

30 JUNE 2021

prepared in accordance with

International Accounting Standard 34 – “Interim Financial Reporting”, as adopted by the European Union

Free translation from Romanian, which is the official and binding version

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS AS AT AND FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2021
PREPARED IN ACCORDANCE WITH IAS 34 "INTERIM FINANCIAL REPORTING" AS ADOPTED BY THE EUROPEAN UNION

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SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment		97,342,136	96,943,295
Intangible assets		163,198	272,880
Investments in subsidiaries		2,284,881,698	2,284,881,698
Loans granted to subsidiaries – long term	13	1,030,000,000	1,030,000,000
Right of use assets		958,368	1,433,070
Total non-current assets		3,413,345,400	3,413,530,943
Current assets			
Cash and cash equivalents		81,903,158	193,484,820
Restricted cash		320,000,000	320,000,000
Trade receivables		744,780	411,954
Other receivables	9	378,306,030	180,761,447
Prepayments		303,981	427,549
Total current assets		781,257,949	695,085,770
Total assets		4,194,603,349	4,108,616,713
EQUITY AND LIABILITIES			
Equity			
Share capital		3,464,435,970	3,464,435,970
Share premium		103,049,177	103,049,177
Treasury shares reserve		(75,372,435)	(75,372,435)
Pre-paid capital contributions in kind from shareholders		7,366	7,366
Revaluation reserves		12,586,566	12,605,266
Legal reserves		212,027,639	212,027,639
Other reserves		35,644,469	35,644,469
Retained earnings		375,565,868	296,938,104
Total equity		4,127,944,620	4,049,335,556

(Continued on page 2)

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
Liabilities			
Non-current liabilities			
Lease liability – long term		196,661	485,741
Employee benefits		1,559,960	1,453,187
Total non-current liabilities		1,756,621	1,938,928
Current liabilities			
Lease liability – short term		795,866	968,556
Trade payables		5,310,222	7,199,932
Other payables	11	47,814,303	36,034,414
Deferred revenue		57,508	152,559
Employee benefits		6,116,710	7,168,505
Provisions		4,807,499	5,818,263
Total current liabilities		64,902,108	57,342,229
Total liabilities		66,658,729	59,281,157
Total equity and liabilities		4,194,603,349	4,108,616,713

The accompanying notes are an integral part of these condensed separate interim financial statements.

Chief Executive Officer

Georgeta Corina Popescu



Chief Financial Officer

Mihai Darie



16 September 2021

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF PROFIT OR LOSS
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
 (All amounts are in RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Revenues	5	-	3,250,787
Other income		522,213	982,337
Employee benefits		(16,894,909)	(14,625,767)
Depreciation and amortization		(1,172,321)	(11,478,671)
Reversal of impairment of trade and other receivables, net		70,513	-
Impairment of property, plant and equipment, net		-	(10,483,039)
Change in provisions for legal cases and non-compete clauses, net		1,010,764	(567,796)
Other operating expenses		(8,694,192)	(10,579,811)
Loss before finance result		(25,157,932)	(43,501,960)
Finance income		351,707,685	238,117,692
Finance costs		(54,419)	(106,402)
Net finance income	6	351,653,266	238,011,290
Profit before tax		326,495,334	194,509,330
Income tax expense		(2,012)	(3,782)
Profit for the period		326,493,322	194,505,548
Earnings per share			
Basic and diluted earnings per share (RON)	7	0.96	0.57

The accompanying notes are an integral part of these condensed separate interim financial statements.

Chief Executive Officer
 Georgeta Corina Popescu



Chief Financial Officer
 Mihai Darie



16 September 2021

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF COMPREHENSIVE INCOME
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Profit for the period	326,493,322	194,505,548
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of the defined benefit liability	(12,577)	(23,637)
Tax related to re-measurements of the defined benefit liability	2,012	3,782
Other comprehensive income, net of tax	(10,565)	(19,855)
Total comprehensive income	326,482,757	194,485,693

The accompanying notes are an integral part of these condensed separate interim financial statements.

Chief Executive Officer

Georgeta Corina Popescu



Chief Financial Officer

Mihai Darie



16 September 2021

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

	Subscribed and paid in share capital	Share premium	Treasury shares reserve	Capital contributions in kind from shareholders	Revaluation reserves	Legal reserves	Other reserves	Retained earnings	Gains referring to share issue	Losses referring to share issue	Total equity
Balance at 1 January 2021 (audited)	3,464,435,970	103,049,177	(75,372,435)	7,366	12,605,266	212,027,639	35,644,469	296,938,104	-	-	4,049,335,556
Comprehensive income (reviewed)											
Profit for the period (reviewed)	-	-	-	-	-	-	-	326,493,322	-	-	326,493,322
Other comprehensive income	-	-	-	-	-	-	-	(10,565)	-	-	(10,565)
Total comprehensive income (reviewed)	-	-	-	-	-	-	-	326,482,757	-	-	326,482,757
Transactions with owners of the Company (reviewed) and Contributions											
Dividends to the owners of the Company	-	-	-	-	-	-	-	(247,873,693)	-	-	(247,873,693)
Total transactions with owners of the Company (reviewed)	-	-	-	-	-	-	-	(247,873,693)	-	-	(247,873,693)
Other changes in equity (reviewed)											
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(18,700)	-	-	18,700	-	-	-
Balance at 30 June 2021 (reviewed)	3,464,435,970	103,049,177	(75,372,435)	7,366	12,586,566	212,027,639	35,644,469	375,565,868	-	-	4,127,944,620

(Continued on page 6)

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF CHANGES IN EQUITY
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
 (All amounts are in RON, if not otherwise stated)

	Subscribed and paid in share capital	Share premium	Treasury shares reserve	Capital contributions in kind from shareholders	Revaluation reserves	Legal reserves	Other reserves	Retained earnings	Gains referring to share issue	Losses referring to share issue	Total equity
Balance at 1 January 2020 (audited)	3,464,435,970	103,049,177	(75,372,435)	7,366	5,851,829	197,091,689	35,645,456	256,204,946	2,185,519	(963,601)	3,988,135,916
Comprehensive income (unaudited and not reviewed)	-	-	-	-	-	-	-	194,505,548	-	-	194,505,548
Profit for the period (unaudited and not reviewed)	-	-	-	-	-	-	-	(19,855)	-	-	(19,855)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income (unaudited and not reviewed)	-	-	-	-	-	-	-	194,485,693	-	-	194,485,693
Transactions with owners of the Company (unaudited and not reviewed)	-	-	-	-	-	-	-	-	-	-	-
Contributions and distributions	-	-	-	-	-	-	-	-	(963,601)	963,601	-
Covering losses referring to share issue with gains referring to share issue	-	-	-	-	-	-	-	-	(1,221,918)	-	(246,108,017)
Dividends to the owners of the Company	-	-	-	-	-	-	(987)	(244,885,112)	-	-	-
Total transactions with owners of the Company (unaudited and not reviewed)	-	-	-	-	-	-	(987)	(244,885,112)	(2,185,519)	963,601	(246,108,017)
Other changes in equity (unaudited and not reviewed)	-	-	-	-	(2,111,436)	-	-	2,111,436	-	-	-
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(2,111,436)	-	-	-	-	-	-
Balance at 30 June 2020 (unaudited and not reviewed)	3,464,435,970	103,049,177	(75,372,435)	7,366	3,740,393	197,091,689	35,644,469	207,916,963	-	-	3,936,513,592

The accompanying notes are an integral part of these condensed separate interim financial statements.

16 September 2021

Chief Executive Officer
 Georgeta Corina Popescu



Chief Financial Officer
 Mihael Darie



SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Cash flows from operating activities			
Profit for the period		326,493,322	194,505,548
Adjustments for:			
Depreciation		587,938	10,201,473
Amortisation		584,383	1,277,198
Impairment of property, plant and equipment, net		-	10,483,039
(Gain)/ Loss from the disposal of tangible assets		(8,640)	639,113
Reversal of impairment of trade and other receivables, net		(70,513)	-
Net finance income	6	(351,653,266)	(238,011,290)
Changes in employee benefits obligations		-	(365,592)
Changes in provisions, net		(1,010,764)	567,796
Income tax expense		2,012	3,782
		(25,075,528)	(20,698,933)
Changes in:			
Trade receivables		(262,313)	4,004,148
Other receivables		2,793,914	(13,386,594)
Trade payables		(1,931,822)	(3,177,703)
Other payables		1,466,768	17,374,489
Employee benefits		(957,599)	(110,023)
Cash used in operating activities		(23,966,580)	(15,994,616)
Interest paid		(18,194)	(28,034)
Net cash used in operating activities		(23,984,774)	(16,022,650)

(Continued on page 8)

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED SEPARATE STATEMENT OF CASH FLOWS
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
 (All amounts are in RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Cash flows from investing activities			
Payments for purchases of property, plant and equipment		(898,989)	(3,516,776)
Proceeds from the sale of property, plant and equipment		15,189	2,655
Proceeds from deposits with maturity of 3 months or longer		-	66,471,188
Cash used by subsidiaries under the cash pooling facility	9,11,13	(189,142,973)	(143,591,392)
Interest received		20,193,220	20,611,062
Dividends received	6	329,543,644	214,969,717
Net cash from investing activities		159,710,091	154,946,454
Cash flows from financing activities			
Dividends paid		(246,811,177)	(244,940,890)
Payment of lease liabilities		(495,802)	(407,356)
Net cash used in financing activities		(247,306,979)	(245,348,246)
Net decrease in cash and cash equivalents		(111,581,662)	(106,424,442)
Cash and cash equivalents at 1 January		193,484,820	180,279,381
Cash and cash equivalents at 30 June	10	81,903,158	73,854,939

The accompanying notes are an integral part of these condensed separate interim financial statements.

Chief Executive Officer
 Georgeta Corina Popescu



16 September 2021

Chief Financial Officer
 Mihai Darie



SOCIETATEA ENERGETICA ELECTRICA S.A.
NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

1 Reporting entity and general information

These financial statements are the condensed separate interim financial statements of Societatea Energetica Electrica S.A. ("Company" or "Electrica SA") as at and for the six month period ended 30 June 2021.

Electrica was originally incorporated as a company in 1998 by Government Decision no. 365/1998, following the restructuring of the former National Electricity Company (RENEL). On 1 August 2000, following the restructuring of the former National Electricity Company (CONEL) under the Government Decision no. 627/2000, the Company was allocated a new tax registration number. The registered office of the Company is no 9, Grigore Alexandrescu Street, District 1, Bucharest, Romania. The Company has sole registration code 13267221 and Trade Register number J40/7425/2000.

As at 30 June 2021 and 31 December 2020, the major shareholder of Societatea Energetica Electrica S.A. is the Romanian State, represented by the Ministry of Energy with a share of ownership of 48.79% from the share capital.

The Company's shares are listed on the Bucharest Stock Exchange and the global depository receipts ("GDRs") are listed on the London Stock Exchange. The shares traded on the London Stock Exchange are the global depository receipts, one global depository receipt representing four shares. The Bank of New York Mellon is the depository bank for these securities.

As at 30 June 2021 and 31 December 2020, Electrica SA has the following investments in subsidiaries:

Subsidiary	Activity	Sole registration code	Head Office	% shareholding as at 30 June 2021	% shareholding as at 31 December 2020
Distributie Energie Electrica Romania S.A. („DEER”)	Electricity distribution in geographical areas Transilvania Nord, Transilvania Sud and Muntenia Nord	14476722	Cluj-Napoca	100%	100%
Electrica Furnizare S.A.	Electricity and natural gas supply	28909028	Bucuresti	99.9998409513906 %	99.9998409513906 %
Electrica Serv S.A.	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	100%	100%
Servicii Energetice Oltenia S.A. (in bankruptcy)	Services in the energy sector (maintenance, repairs, construction)	29389861	Craiova	100%	100%
Servicii Energetice Moldova S.A. (in bankruptcy)	Services in the energy sector (maintenance, repairs, construction)	29386768	Bacau	100%	100%
Servicii Energetice Banat S.A. (in bankruptcy)	Services in the energy sector (maintenance, repairs, construction)	29388211	Timisoara	100%	100%
Servicii Energetice Dobrogea S.A. (in bankruptcy)	Services in the energy sector (maintenance, repairs, construction)	29388378	Constanta	100%	100%

The Company's main activities

Currently, the core business of the Company, according to the Statute is "Activities of business and management consulting", also performing corporate activities at parent company level for its subsidiaries.

Electrica SA is the parent company of one electricity distribution company (set up from merger of three electricity distribution companies), one electricity and natural gas supplier and five companies providing services in the energy sector (out of which four are currently in bankruptcy). As of 31 August 2020, Electrica SA has an indirect shareholding of 100% in one energy production company from renewable sources (photovoltaic panels), Electrica Energie Verde 1 SRL, which was acquired by the subsidiary Electrica Furnizare S.A..

SOCIETATEA ENERGETICA ELECTRICA S.A.
NOTES TO THE CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021
(All amounts are in RON, if not otherwise stated)

During 2020, the three distribution subsidiaries, Societatea de Distribuție a Energiei Electrice Muntenia Nord S.A. ("SDEE Muntenia Nord S.A."), Societatea de Distribuție a Energiei Electrice Transilvania Nord S.A. ("SDEE Transilvania Nord S.A.") and Societatea de Distribuție a Energiei Electrice Transilvania Sud S.A. ("SDEE Transilvania Sud S.A.") have merged through absorption, the absorbing entity being Societatea de Distribuție a Energiei Electrice Transilvania Nord S.A..

Thus, on 31 December 2020, Distribuție Energie Electrica Romania SA, formed by the merger of the three former electricity distribution companies was recorded on the National Trade Register Office.

During 2020, the two energy services companies, Electrica Serv S.A. and Servicii Energetice Muntenia S.A. merged through absorption, with Electrica Serv S.A. as absorbing company.

Thus, starting with 1 December 2020, the merger between the aforementioned companies was finalised and the energy services will be carried out only under the umbrella of Electrica Serv. The registration on the National Trade Register Office took place on 2 December 2020, the effective date being 30 November 2020.

COVID-19 impact

Based on the publicly available information and considering the actions already implemented, the Company does not anticipate a negative financial impact of the COVID-19 outbreak on its operations and no significant threat over the Company's ability to continue as a going concern over a period covering at least 12 months from the date of these condensed separate interim financial statements has been identified. However, considering the recent developments of the market, the long-term effects of the COVID-19 outbreak cannot be reliably estimated currently as the Company cannot preclude the possibility of further lock downs or an escalation in the severity of current measures.

2 Basis of accounting

These condensed separate interim financial statements ("interim financial statements") have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("IFRS-EU") and these should be read together with the annual separate financial statements as at and for the year ended 31 December 2020. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual separate financial statements as at and for the year ended 31 December 2020.

The annual separate financial statements as at and for the year ended 31 December 2020 have been prepared in accordance with the Ministry of Public Finance Order no. 2844/2016 for the approval of the Accounting Regulations in accordance with International Financial Reporting Standards ("OMFP no. 2844/2016"). In acceptance of OMFP no. 2844/2016, International Financial Reporting Standards are standards adopted under the procedure provided by the European Commission Regulation no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 regarding the application of the international accounting standards.

These condensed separate interim financial statements have been prepared for submission to the Bucharest Stock Exchange. These condensed separate interim financial statements were authorized for issue by the Board of Directors on 16 September 2021.

Judgements and estimates

In preparing these interim financial statements, management has made professional judgements, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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The significant professional judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual separate financial statements as at and for the year ended 31 December 2020.

3 Basis of measurement

The condensed separate interim financial statements have been prepared on the historical cost basis, except for the land and buildings, which are measured based on revaluation model.

4 Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Company's annual separate financial statements as at and for the year ended 31 December 2020.

The new amendments to existing standards that are effective starting with 1 January 2021 do not have a significant impact over the Company's condensed separate interim financial statements.

5 Revenue

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Revenues from services contracts related to the AMR system	-	3,250,787

For the six month period ended 30 June 2020, the revenues earned by the Company are represented by revenues from service contracts related to the AMR system. Starting with July 2020, the Company had no longer provided services related to the AMR system as the system was transferred as a contribution in kind to the share capital of its distribution subsidiaries (SDEE Transilvania Nord S.A., SDEE Transilvania Sud S.A., SDEE Muntenia Nord S.A), these assets being part of the distribution network.

6 Net finance income

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Dividend income	329,543,644	214,969,717
Interest income	21,920,609	22,939,392
Other finance income	243,432	208,583
Total finance income	351,707,685	238,117,692
Interest expense	(18,194)	(28,034)
Interest cost for employee benefits	(24,407)	(50,273)
Foreign exchange losses, net	(11,818)	(28,095)
Total finance costs	(54,419)	(106,402)
Net finance income	351,653,266	238,011,290

As at 30 June 2021, the Company collected the entire amount of RON 329,543,644 representing dividend income received from its subsidiaries (30 June 2020: RON 214,969,717).

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7 Earnings per share

The calculation of basic and diluted earnings per share is based on the following profit attributable to shareholders and weighted-average number of ordinary shares outstanding:

Profit for the period attributable to shareholders of the Company:

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Profit for the period attributable to the shareholders of the Company	326,493,322	194,505,548

Weighted-average number of outstanding ordinary shares (in number of shares)

For the calculation of the basic and diluted earnings per share, treasury shares (6,890,593 shares) were not treated as outstanding ordinary shares and were deducted from the number of issued ordinary shares.

The weighted average number of outstanding ordinary shares as at 30 June 2021 is of 339,553,004 (30 June 2020: 339,553,004).

Earnings per share

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Basic and diluted earnings per share (RON)	0.96	0.57

8 Dividends

On 28 April 2021, the General Shareholders Meeting of the Company approved dividend distribution of RON 247,873,693 (2020: RON 246,108,017). The dividend per share distributed is RON 0.73 per share (2020: RON 0.7248 per share).

9 Other receivables

	30 June 2021 (reviewed)	31 December 2020 (audited)
Cash-pooling receivables	364,580,408	166,281,881
Interest receivable	15,353,200	15,380,004
Other receivables	9,418,686	10,145,826
Bad debt allowance	(11,046,264)	(11,046,264)
Total other receivables, net	378,306,030	180,761,447

Cash-pooling receivables comprises the amounts due by subsidiaries to Electrica SA as at 30 June 2021, respectively 31 December 2020, as cash pool leader in the two cash-pooling systems set up at Group level (Note 13).

Interest receivable represents, mainly, interest to be received from related parties for the loans granted (Note 13).

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10 Cash and cash equivalents

	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Bank current accounts	36,639,109	51,365,210
Call deposits	45,264,049	22,489,729
Total cash and cash equivalents in the separate statement of financial position and in the separate statement of cash flow	81,903,158	73,854,939
Restricted cash – long term	-	320,000,000
Restricted cash – short-term	320,000,000	-

As at 30 June 2021, Electrica SA has collateral deposits at BRD – Groupe Societe Generale as guarantees for the long term borrowings received from BRD – Groupe Societe Generale by the Company's distribution subsidiaries (Societatea de Distributie a Energiei Electrice Transilvania Sud S.A., Societatea de Distributie a Energiei Electrice Transilvania Nord S.A. and Societatea de Distributie a Energiei Electrice Muntenia Nord S.A., currently Distributie Energie Electrica Romania S.A.) in amount of RON 320,000,000. As the long term borrowings are repayable on 16 October 2021, the amount of the collateral deposits as at 30 June 2021 of RON 320,000,000 is presented in the statement of financial position as short-term restricted cash.

11 Other payables

	30 June 2021 (reviewed)	31 December 2020 (audited)
Cash-pooling payables	43,266,031	34,110,477
Dividends payable	2,531,209	1,705,199
VAT under settlement	44,160	14,391
Other payables to the state budget	1,725,856	6,782
Other liabilities	247,047	197,565
Total	47,814,303	36,034,414

Cash-pooling payables comprises the amounts due by Electrica SA to its subsidiaries as at 30 June 2021, respectively 31 December 2020, as cash pool leader in the two cash-pooling systems set up at Group level (Note 13).

Other liabilities include, mainly, guarantees and sundry creditors. Dividends payable represent the dividends uncollected by the shareholders.

12 Financial instruments - fair values

(a) Accounting classifications and fair values

According to IFRS 9, financial assets are measured at amortised cost as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

The Company assessed that the carrying amount is a reasonable approximation of the fair value for the financial assets and financial liabilities.

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(b) Measurement of fair values

Fair value hierarchy

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (eg. prices) or indirectly (eg. derived from prices);
- Level 3: inputs from an asset or a liability that are not based on observable market data (unobservable inputs).

13 Related parties

(a) Main shareholders

As at 30 June 2021 and 31 December 2020, the major shareholder of Societatea Energetica Electrica S.A. is the Romanian State, represented by the Ministry of Energy with a share of ownership of 48.79% from the share capital.

(b) Management and administrators' compensation

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Management compensation	2,805,384	2,939,632

Executive management compensation refers to the managers with mandate contract, from Electrica SA. This also includes the benefits paid in the event of the termination of mandate contracts for executive directors.

Compensations granted to the members of the Board of Directors were as follows:

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Members of the Board of Directors	2,345,117	1,399,280

(c) Transactions with the Group companies

(i) Balance of receivables and payables from/ to Group companies

Trade Receivables/Trade Payables

	Receivables from		Payables to	
	30 June 2021 (reviewed)	31 December 2020 (audited)	30 June 2021 (reviewed)	31 December 2020 (audited)
Distributie Energie Electrica Romania S.A.	362,134	449,299	-	-
Electrica Serv S.A.	13,625	29,515	-	-
Electrica Furnizare S.A.	43,466	29,790	96,379	67,529
Total	419,225	508,604	96,379	67,529

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As at 30 June 2021, respectively 31 December 2020, receivables from electricity distribution subsidiary include mainly other services reinvoiced.

Loans granted/interest receivable

	Loans granted to		Interest receivable from	
	30 June 2021 (reviewed)	31 December 2020 (audited)	30 June 2021 (reviewed)	31 December 2020 (audited)
Distributie Energie Electrica Romania S.A.	1,030,000,000	1,030,000,000	13,331,914	13,518,378
Total	1,030,000,000	1,030,000,000	13,331,914	13,518,378

Cash-pooling system:

	Cash pooling balance receivables	Cash pooling balance payables	Net position	Interest receivable/ (payable)
	30 June 2021 (reviewed)	30 June 2021 (reviewed)	30 June 2021 (reviewed)	30 June 2021 (reviewed)
Distributie Energie Electrica Romania S.A.	176,565,491	-	176,565,491	225,653
Electrica Furnizare S.A.	175,000,000	-	175,000,000	50,461
Electrica Energie Verde 1 S.R.L.	13,014,917	-	13,014,917	16,811
Electrica Serv S.A.	-	(43,266,031)	(43,266,031)	(59,306)
Total	364,580,408	(43,266,031)	321,314,377	233,619

	Cash pooling balance receivables	Cash pooling balance payables	Net position	Interest receivable/ (payable)
	31 December 2020 (audited)	31 December 2020 (audited)	31 December 2020 (audited)	31 December 2020 (audited)
Distributie Energie Electrica Romania S.A.	151,282,223	-	151,282,223	304,831
Electrica Furnizare S.A.	-	(200,121)	(200,121)	(171,143)
Electrica Energie Verde 1 S.R.L.	14,999,506	-	14,999,506	862
Electrica Serv S.A.	152	(33,910,356)	(33,910,204)	(60,591)
Total	166,281,881	(34,110,477)	132,171,404	73,959

(ii) Transactions with subsidiaries

Sales/Purchases (including recharging)

	Sales in six month period ended		Purchases in six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Distributie Energie Electrica Romania S.A.	622,959	-	-	-
Societatea de Distributie a Energiei Electrice Transilvania Nord S.A.	-	3,137,329	-	27,736
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	-	490,985	-	26,494
Electrica Furnizare S.A.	49,891	346	376,891	202,141
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	-	104,119	-	-
Electrica Serv S.A.	17,227	17,070	-	-
Total	690,077	3,749,849	376,891	256,371

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Starting with July 2020, the Company no longer provides services related to the AMR system as the system was transferred as a contribution in kind to the share capital of its distribution subsidiaries (SDEE Transilvania Nord S.A., SDEE Transilvania Sud S.A., SDEE Muntenia Nord S.A.).

Other transactions

During the six month period ended 30 June 2020, Electrica SA has increased its investments in its subsidiaries (Societatea de Distributie a Energiei Electrice Muntenia Nord S.A., Societatea de Distributie a Energiei Electrice Transilvania Nord S.A., Societatea de Distributie a Energiei Electrice Transilvania Sud S.A. and Electrica SERV S.A.), by in kind contribution to their share capital with plots of land for which it held property deeds and with the AMR system including AMR license, with the amount of RON 92,525,620. The value of the assets contributed to the share capital of the subsidiaries was established according to evaluation reports drawn up by the appointed valuation experts.

On 18 December 2019, through decision no. 11 of the General Extraordinary Shareholders Meeting of Servicii Energetice Muntenia S.A., was approved the share capital reduction of Servicii Energetice Muntenia S.A. with the amount of RON 24,873,550 through the reduction in the number of shares from 3,687,355 shares to 1,200,000 shares with a nominal value or RON/share 10 and recording a receivable in the same amount by the shareholder, Electrica S.A.. The share capital reduction was approved by the Bucharest Trade Register Office on 18 May 2020. Following the approval, on 28 May 2020, the receivable of Electrica S.A. was compensated with the debt from the acquisition of a plot of land and related buildings from Servicii Energetice Muntenia S.A..

Reimbursements / (Borrowings) for the loans granted

	Reimbursements in six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Servicii Energetice Muntenia S.A.	-	5,500,000
Total	-	5,500,000

On 28 May 2020, the Company signed an agreement with Servicii Energetice Muntenia S.A. in which the Company acquired a plot of land in amount of RON 31,867,062 and buildings in amount of RON 1,905,508, the amounts being compensated, among others, with the settlement of the loan granted to subsidiary in amount of RON 5,500,000.

As at 30 June 2021, respectively 30 June 2020, there were no new withdrawals of the borrowings granted.

Interest income for loans

	Interest income in six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Distributie Energie Electrica Romania S.A.	19,441,914	-
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	-	7,580,806
Societatea de Distributie a Energiei Electrice Transilvania Nord S.A.	-	6,622,778
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	-	5,345,744
Servicii Energetice Muntenia S.A.	-	101,750
Total	19,441,914	19,651,078

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Dividends income

	Dividends income in six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Electrica Furnizare S.A.	233,293,563	124,015,481
Distributie Energie Electrica Romania S.A.	96,250,081	-
Societatea de Distributie a Energiei Electrice Transilvania Nord S.A.	-	54,065,512
Electrica Serv S.A.	-	27,247,429
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	-	6,935,492
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	-	2,705,803
Total	329,543,644	214,969,717

Cash pooling system – interest income/(expense)

	Interest income/(expense) in six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (unaudited and not reviewed)
Distributie Energie Electrica Romania S.A.	1,409,010	-
Societatea de Distributie a Energiei Electrice Transilvania Sud S.A.	-	899,188
Societatea de Distributie a Energiei Electrice Muntenia Nord S.A.	-	414,630
Societatea de Distributie a Energiei Electrice Transilvania Nord S.A.	-	298,125
Electrica Energie Verde 1 S.R.L.	113,622	-
Servicii Energetice Muntenia S.A.	-	12
Electrica Serv S.A.	(354,591)	(267,645)
Electrica Furnizare S.A.	(443,539)	(277,442)
Total	724,502	1,066,868

(d) Transactions with companies in which the state has control or significant influence

The Company had sale and purchase transactions mainly with the following companies:

Supplier	Purchases (without VAT)		Balance (including VAT)	
	Six month period ended 30 June 2021 (reviewed)	Six month period ended 30 June 2020 (unaudited and not reviewed)	30 June 2021 (reviewed)	31 December 2020 (audited)
ANCOM	326,128	272,618	139,758	90,871
Others	26,581	6,649	16,064	860
Total	352,709	279,267	155,822	91,731

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Client	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
	Six month period ended 30 June 2021 (reviewed)		30 June 2021 (reviewed)	
Oltchim	-	518,938,151	(518,938,151)	-
CET Braila	-	3,118,411	(3,118,411)	-
Total	-	522,056,562	(522,056,562)	-

Client	Sales (without VAT)	Balance, gross (including VAT)	Allowance (including VAT)	Balance, net
	Six month period ended 30 June 2020 (unaudited and not reviewed)		31 December 2020 (audited)	
Oltchim	-	518,938,151	(518,938,151)	-
CET Braila	-	3,118,411	(3,118,411)	-
Total	-	522,056,562	(522,056,562)	-

14 Contingencies

(a) Contingent assets

Claim against National Agency of Fiscal Administration ("NAFA")

In April 2021, Electrica SA filed a new action in contradiction with NAFA - file no. 2444/2/2021, pending before the Bucharest Court of Appeal, in which a trial term has not been established yet, having as object the obligation of NAFA to: correct Electrica SA's tax record in order to reflect the right to a refund for the amount of RON 5,860 thousand, amount paid by Electrica SA in 2020 for the purpose of applying for the cancellation of ancillary fiscal obligations stipulated by the Government Emergency Ordinance no. 69/2020, of an additional amount of RON 818 thousand which was not reflected in the payment made by NAFA in 2020, and payment of legal interest in amount of RON 5,162 thousand computed for the amount returned by NAFA in 2020.

(b) Contingent Liabilities

Other litigations and claims

The Company is involved in a series of litigations and claims (ie. with ANRE, NAFA, Court of Accounts, claims for damages, claims over land titles, labour related litigations etc.).

The Company set-up provisions for the litigations or claims for which the management assessed as probable the outflow of resources embodying economic benefits due to low chances of favourable outcomes of those litigations or disputes. The Company does not present information in the financial statements and did not set-up provisions for items for which the management assessed as remote the possibility of outflow of economic benefits. The Company discloses, if the case, information on the most significant items of litigations or claims for which the Company did not set-up provisions as they relate to possible obligations that arise from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Company (ie. litigations for which different inconsistent sentences were issued by the Courts, or litigations which are in early stages and no preliminary ruling was issued so far).

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(c) Fiscal environment

Tax audits are frequent in Romania, consisting of detailed verifications of the accounting records of taxpayers. Such audits sometimes take place after months, even years, from the date 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 sometimes demonstrate inconsistency in interpretation of the law. Income tax statements may be subject to revision and corrections made by tax authorities, generally for a five-year period after they are filled in. The company was the subject of fiscal inspections until 31 March 2013.

The Company may incur expenses related to tax adjustments related to previous years as a result of tax authorities inspections and disputes. The Company's management considers that adequate reserves were established in the condensed separate interim financial statements for all the significant fiscal obligations, however a risk that the tax authorities could take different positions still persists.

(d) Transfer prices

According to the fiscal legislation, the fiscal assessment for a transaction with affiliates is based on the market price concept for that transaction. Based on this concept, the transfer prices must be adjusted in order to reflect the market prices that would have been established between the entities having no affiliation relation and are acting independently, based on "normal market conditions".

Likely, verifications of the transfer prices may be done in the future by the fiscal authorities, in order to establish if these prices are respecting the principle of the "normal market conditions" and that the tax base for Romanian taxpayer is not distorted.

15 Subsequent events

Acquisition of entities

On 28 July 2021 the Board of Directors approved entering into three sale purchase agreements for the acquisition of the following Companies:

- Crucea Power Park SRL which owns the project of the "Crucea Est" Wind Power Plant with a 121 MW projected installed capacity;
- Sunwind Energy SRL which owns the project of the "Satu Mare 2" Photovoltaic Power Plant with a 27.1 MW projected installed capacity;
- New Trend Energy SRL which owns the project of the "Satu Mare 3" Photovoltaic Power Plant with a 59.4 MW projected installed capacity.

The total estimated value of the transaction is EUR 13,200 thousand. The sale purchase agreements concluded as of 28 July 2021 stipulate that at the initial stage, Electrica SA acquires 30% of the share capital of the three Companies, and in the subsequent stages the remaining 70% of the share capital provided that certain conditions stipulated in the sale purchase agreements are met.

Chief Executive Officer

Georgeta Corina Popescu



Chief Financial Officer

Mihai Darie



16 September 2021

REPORT ON REVIEW OF CONDENSED SEPARATE INTERIM FINANCIAL STATEMENTS

To the shareholders,
Societatea Energetica Electrica S.A.

Introduction

1. We have reviewed the accompanying condensed separate interim financial statements of Societatea Energetica Electrica S.A. (the "Company") as at June 30, 2021, which comprise the condensed separate interim statement of financial position as at June 30, 2021, and the condensed separate interim statement of profit and loss, condensed separate interim statement of comprehensive income, condensed separate interim statement of changes in equity and condensed separate interim statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information ("the condensed separate interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with International Financial Reporting Standard 34 – "Interim Financial Reporting" ("IAS 34") as adopted by the European Union. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of review

2. We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the condensed separate interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

3. Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed separate interim financial statements does not present fairly, in all material respects the condensed separate financial position of the Company as at June 30, 2021, and of its condensed separate financial performance and its condensed separate cash flows for the six months period then ended in accordance with International Financial Reporting Standard 34 – Interim Financial Reporting" as adopted by the European Union.

Other matters

4. We draw attention to the fact that we have not audited nor reviewed the accompanying condensed separate interim financial statements for the six months period ended June 30, 2020 and accordingly, we do not express an opinion nor a conclusion on them.
5. This report is made solely to the Company's shareholders, as a body. Our review work has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our review work, for this report, or for the conclusion we have formed.

Răzvan Ungureanu, Statutory Auditor

For signature, please refer to the original signed Romanian version.

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. AF 4866

On behalf of:

DELOITTE AUDIT SRL

Registered in the Electronic Public Register of Financial Auditors and Audit Firms under no. FA 25

The Mark Building, 84-98 and 100-102 Calea Grivitei,
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Bucharest, Romania
September 16, 2021