



2021 HALF YEAR CONSOLIDATED DIRECTORS' REPORT (H1 2021)

(based on the condensed consolidated 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. 65 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: 17 August 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: International Financial Reporting Standards as approved by the European Union; 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 consolidated 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 Group is one of the main distributors and suppliers of electricity on the Romanian market. The Group's core business segments are the distribution of electricity to users and the supply of electricity to household and non-household consumers.

Electrica's distribution segment operates through its subsidiary Distribuție Energie Electrica Romania („DEER”) and it is geographically limited to 18 counties from the historical regions Muntenia and Transylvania. The Group holds exclusive distribution licenses for these regions, which are valid until 2027, and may be extended for another 25 years.

The electricity and natural gas supply segment operates through Electrica Furnizare („EFSA”) subsidiary, and the main activity is the supply of electricity to final customers, on the universal service segment and as supplier of last resort, as well as a competitive supplier, all over Romania.

The Group holds an electricity supply license covering the entire territory of Romania, valid until August 2031, and a license for natural gas supply activity, valid until 2022.

Within the external electricity network maintenance segment, SERV provides maintenance, repair and various services to group companies (car rental, rental of buildings etc.) as well as repairs, maintenance and other energy related services to third parties.

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 resolute 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**.

Regarding the **electricity and natural gas supply segment**, the cash collection activities through own cashiers, the activities of the customer relations centers, as well as the field activities for B2B customers (Business-to-Business) take place under this period's normal conditions, ensuring the provision of all services offered prior to the initiation of the state of emergency, the safety of employees and customers continuing to be a priority. The effect of GEO no. 29/2020 for small and medium enterprises, by which the postponement of payments of electricity and natural gas bills is possible based on state of emergency certificates received by companies, was minimal, considering the extensive portfolio of EFSA. At the same time, the evolution of the receivables collection intervals of delay during 2021 did not register significant changes compared to the previous year.

The action plans of the distribution operator consider keeping the general preventive measures for their own staff, users, and collaborators, as well as the organizational measures to ensure safe management and operation of the network infrastructure, at a higher level of quality of the electricity distribution service.

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.

Distribution segment

At the end of 2020, Electrica has successfully completed the merger of the three electricity distribution companies within the Group. Starting with 1 January 2021, the new company Distribuție Energie Electrica România S.A. (DEER) becomes the most important electricity distribution operator at national level, with a coverage of 40.7% of the Romanian territory, which serves over 3.8 million network users.

By implementing the merger, medium and long-term benefits could be obtained for all stakeholders. The current priorities for the distribution segment are:

- cost efficiency;
- accelerating the main business processes digitization;
- orientation towards the smart grid concept by promoting on a large scale the smart metering;
- operational performance improving;
- distribution service quality increasing;
- distribution network losses reduction.

■ Distribution activity

ANRE has issued documents for the regulatory framework that requires additional efforts from distribution operators in order to comply with the new requirements:

a) Regulations regarding tariffs:

- **The distribution tariffs approved for the year 2021**
 - the **Orders no. 220, 221 and 222/9 December 2020** were approved by ANRE, the average regional tariffs for DEER having the following increases compared to 2020 tariffs: MN +9.2%; TN +2.4%; TS +8.6% (the 2020 tariffs refers to the three DSOs, before the merger). ANRE approved the reductions of the distributed electricity quantities forecasted for 2021 (according to the DSOs requests) and the postponement of the RRR correction for the year 2020 in the distribution tariffs for 2022.
- **Substantiation of distribution tariffs for the year 2022**
 - On 1 July 2021, DEER sent to ANRE substantiation data for the 2022 distribution tariffs. Adjustments were requested on voltage levels and areas, in order to ensure the attenuation, until the end of RP4, of the currently existing differences between the regional tariffs.
- ANRE approved the **Order no. 3/20 January 2021** regarding the amendment of the *Methodology for distribution tariffs setting* approved by ANRE Order no. 169/18 September 2018:
 - granting a 2% additional incentive to RRR for investments in the electrical distribution network made with own funds within projects in which European non-reimbursable funds were also attracted, if the investments were made and put into operation by operators after 1 February 2021;
 - if for certain assets categories, the primary legislation establishes other regulated depreciation periods than those provided by the Methodology or by the Catalogue for the classification and normal useful lives of fixed assets, approved by Government decision, the annual regulated depreciation related to those fixed assets is calculated based on the regulated depreciation periods established by the primary legislation.
- Amendment of the **Methodology for distribution tariffs setting** - public debate - completions for alignment with the connection regulations:
 - non-household consumers who do not keep the destination of consumption are obliged to return the connection works value, and DSOs are obliged to decrease RAB with this value;
 - the way of reimbursement and recognition in five years of the connection expenses paid by the users.

b) Investments Procedure

- **ANRE Order no. 19/16 March 2021** - in force since **19 March 2021**:
 - the amendment considers the establishment of the DSO obligation to carry out the connection works to the final customers, **additionally to the annual investment plan**.

c) Licenses

- **Regulation for granting licenses and authorizations for the electricity sector** - amends Order no. 12/2015 - **public debate**:
 - DSOs have the obligation to send to ANRE, **until 31 December 2022**, the information they have regarding the **low voltage power lines**, as well as the power connections mentioned in the specific conditions associated with the licenses, in the national stereographic coordinates system 1970, information presented in GIS (Geographic Information System) vector, according to the scheme published on the ANRE website;
 - attaching a set of data related to the presented spatial data, which includes the value and inventory number of ETN/EDN components, necessary for ANRE to verify the fixed assets resulting from the completion of investments made by licensees in order to recognize them in the Regulated Assets Base.

d) Smart metering regulations (SM)

- Framework conditions for *the electricity smart metering systems implementation calendar at national level* approved by **ANRE Order no. 177/2018** - public debate - phase II:
 - annual average of the daily success rates of the data transmission from the meter to HES (Head-End System)/MDMS (Meter Data Management System) of minimum 80%; in case of non-fulfillment, the depreciation costs and the return related to the equipment that ensures the data transmission will not be recognized;
 - the DSOs have the obligation to fulfill the annual targets provided in the SM implementation calendar, in proportion of at least 90% regarding the total number of users provided for integration;
 - informing the user about the data set to be collected from his consumption/production and consumption place and transited through the elements of the system to the central data purchasing and processing system, as well as for the purpose of using this data, in accordance with Regulation (EU) 2016/679 on the protection of individuals regarding the processing of personal data and on the free movement of such data.
 - specifying the information that will be transmitted to the user, respectively:
 - ✓ the integration moment of the consumption/production and consumption place in the SM, by notifying the integration date;
 - ✓ after the integration in the SM, the electricity consumption/production invoicing will be done exclusively based on the real data recorded by the meter integrated in the SM system;
 - ✓ the user's right to have access to the consumption/production and consumption data;
 - ✓ the DSO obligation to provide the user with a username and a password that allows access to the portal where the data can be accessed (within 15 days from the integration date, the DSO sends the username and password to the supplier);
 - ✓ the right of the user to request the limitation of the measurement subsystem configuration only to ensure the necessary data for the electricity consumption/production billing.
 - *Annex no. 5 to the framework conditions* will become *Annex to the supply/distribution agreement* (title and content are modified).

e) Technical regulations

Network connection

- **ANRE Order no. 16/10 March 2021** - amendment of the *Regulation on connecting users to electricity networks of public interest* (ANRE Order no. 59/2013) - in force since 16 March 2021:
 - the introduction of provisions regarding reinforcement works - the introduction of the DSO's obligation to recalculate the value of the connection tariff component;
 - elimination of the ANRE endorsement of the procedures regarding the users' connection to the network;
 - clarification of the termination circumstances of the effects of the framework convention for the handing over of user-financed connection facilities in their ownership.
- **ANRE Order no. 17/10 March 2021** - The procedure *regarding the connection to the electricity networks of public interest of the consumption places belonging to the non-household final customers type users through connection installations with lengths up to 2,500 meters and household customers* - revision of ANRE Order no. 183/2020 - in force since 16 March 2021:
 - the inclusion of household customers in the category of those for which the DSO have the obligation to finance and carry out the design and execution works of the connection installation;
 - the possibility for household and non-household customers to conclude the agreement for the connection installation design and execution directly with a certified economic operator chosen by them;
 - the application of the procedure also for the consumption places with storage facilities or consumption and production places, with or without storage facilities, provided with installations for the production of electricity from renewable sources (prosumers);
 - applies to:
 - a. household users who have submitted connection requests to the concessionaire distribution operators after 19 December 2020;
 - b. to non-household final customers type users, who submitted connection requests to the concessionaire distribution operators after 30 July 2020.
- **ANRE Order no. 45/2021** - amendment of the *Regulation on connecting users to electricity networks of public interest* - in force since 23 June 2021:
 - Elimination of the user's obligation to send to the network operator (NO), through the documentation attached to the connection request, the approved zonal urban plan („PUZ”) or the approved detailed urban plan („PUD”), if it was requested by the urbanism certificate.
- **ANRE Order no. 53/2021** for the approval of *the Methodology for evaluating the financing conditions of the investments for the localities' electrification or for the electricity distribution networks' extension* approved by ANRE Order no. 36/2019 - in force since 28 June 2021:
 - also applicable if an association of public authorities requests the DSO to develop the electricity network of public interest in order to connect based on regional development and urbanism plans;
 - the definition of electricity distribution networks' extensions has been modified, by eliminating the phrase "urban" from its content;
 - for the situation in which the public authority/user/group of users decides to fully finance the investment, it was explicitly introduced, besides the term for returning the operators' co-financing quota, also the term for taking over by the network operator the elements related to the returned quota. It is mentioned that this completion is an explanation because the restitution of the quota is done simultaneously with the takeover;

- clarifications were made regarding the value of the quota returned to the public authority/user/group of users, in case they decide to fully finance the investment, by establishing the quota based on the minimum between the value of works according to the DSO offer and the value of works specified in the reception documents for the works' commissioning;
 - for the situation in which the public authority/user/group of users decides to fully finance the investment, it was specified that the technical project and the request for proposal are carried out by them, with an economic operator certified by ANRE;
 - based on the technical project and the request for proposal, the public authority/user/group of users carries out the works regarding the development of the electricity distribution network for electrifying the localities or for extending the electricity distribution networks with an economic operator certified by ANRE.
- **ANRE Order no. 85/2021** - Order for the amendment and completion of *ANRE Order no. 74/2014 for the approval of the Framework Content of the technical connection approvals (TCA)* - in force from 6 July 2021:
 - the elimination of the DSO's obligation to send to ANRE reports regarding the users' appeals regarding the issuance of TCA.

Prosumers

- **ANRE Order no. 15/10 March 2021** - Procedure regarding the *connection to the electricity networks of public interest of the consumption and production places belonging to the prosumers who have installations for electricity production from renewable sources with the installed power of at most 100 kW/consumption place* - in force since 16 March 2021:
 - considering the legislative amendments brought by Law no. 290/2020, in force since 19 December 2020, it was necessary to revise the previously proposed form regarding the DSO's obligations to finance and realize the design and execution works of the connection installations for non-household final customers, through connection installations with lengths up to 2,500 meters and the design and execution of connection installations for household customers.
- **ANRE Order no. 50/2021** for the *approval of the trading rules for the electricity produced in power plants from renewable sources with installed power of up to 100 kW belonging to prosumers* - in force since 1 July 2021:
 - repeals the ANRE Order no. 226/2018;
 - revised as a result of the amendments brought by Law nr. 155/2020 and Ministry of the Environment, Waters and Forests Order no. 121/2021 amending the *Financing Guide of the Program regarding the installation of photovoltaic panel systems for electricity production, in order to cover the necessary consumption and the surplus delivery in the national network*, approved by Ministry of Environment Order no. 1287/2018;
 - elimination of the reporting models from Annexes 1 and 2 of the ANRE Order no. 226/2018, with their full takeover in the draft revision order of ANRE Order no. 195/2019.
- **ANRE Order no. 52/2021** for the approval of the *Methodology for monitoring the system for promoting the electricity from renewable energy sources production (RES)* - in force since 1 July 2021:
 - repeals the ANRE Order no. 195/2019;
 - systematization of data collection by integrating the information and data contained in the regulations in the field of electricity promotion in RES;
 - completing the data necessary to be collected for the monitoring of the promotion system for the electricity produced in RES power plants with installed electrical power of at most 100 kW belonging to prosumers, through a dedicated software interface directly on the ANRE website;

- introduces the DSO obligation to publish on their website, on a monthly basis, information on the prosumers connected to the electricity grid;
- introduces the obligation of the DSO and TSO, as appropriate, to publish on their website, on a monthly basis, the information on technical connection approvals, connection contract and connection certificates issued in the previous month for power plants belonging to the producers of electricity from renewable energy sources (E-RES) and prosumers.

Distribution service performance standard

- **ANRE Order no. 46/15 June 2021** for the approval of the *Distribution Service Performance Standard* - in force since 1 July 2021:
 - the standard imposes additional obligations for the DSOs, and in order to fulfill them, additional investments and the increase of operating expenses will be necessary;
 - the obligation of the DSO to monitor the short interruptions, and to grant compensations for non-compliance with the imposed thresholds: HV=300 RON (>10 interruption/year), MV =10 RON (>10 interruption/week), LV=5 RON (>10 interruption/week);
 - the obligation to comply with the 90 day deadline for commissioning a connection, including the reception and commissioning of the connection installation, the compensation for non-compliance being 100 RON;
 - the obligation of the DSO to ensure, starting with 1 January 2022, reduced voltage deviations for LV level (from +10% to +5% of the nominal voltage value, monitored weekly), the compensations being for legal entities: HV - 270 RON, MV and LV - 130 RON (for each monitoring period), and for individuals: HV - 270 RON, MV and LV - 70 RON (for each monitoring period);
 - setting an implementation calendar for the quality analyzers, so that 100% of the power stations will be monitored with the help of this equipment until the end of 2026, respectively 100% of the transformation stations until 1 January 2028. This implementation program is correlated with the provisions of the SM implementation schedule;
 - setting intervals for the reception of telephone calls made by network users through the call centers managed by distribution operators, namely:
 - a) maximum 30 seconds from the call initiation by the user until it is taken over, without the intervention of the human operator;
 - b) maximum 180 seconds from receiving the call for the user to be able to select the option to transfer the call to a human operator;
 - c) maximum 20 minutes from taking over the call to start the user's conversation with a human operator.

Commercial Regulations

- **ANRE Order no. 25/2021** regarding *the amendment of the Framework Contract for the distribution service* - in force since 1 July 2021:
 - in the process of changing the supplier, for the small household and non-household customers, the measurement group index reading for settlement related to a consumption place is performed by the DSO, if the final customer does not send the self-read index;
 - the DSO has the obligation to inform the supplier about the change of the measuring group reading period at least 60 days before the change date;
 - within maximum two months from the entry into force of this order, the DSO and the electricity suppliers update the electricity distribution service contracts according to the provisions of the framework contract from the Annex no. 1 to the ANRE Order no. 90/2015, with subsequent amendments and completions.
- **ANRE Order no. 82/2021** for the amendment and completion of the *Regulation for the supply of electricity*

to final customers, approved by ANRE Order no. 235/2019 and the abrogation of ANRE Order no. 130/2015 regarding the approval of the *Procedure regarding the electricity supply of the DSO own consumption places* - in force from 1 July 2021 (except for the provisions of art. I points 25-27, 33 and 34 which enter into force on 1 January 2022):

- in case of the electricity supplier change, the customers can communicate to the new supplier the self-read index at the date of sending the change of supplier notification; the supplier has the obligation to take over and send to the DSO the index self-read by the final customer; the self-read index is taken into account by the DSO when setting the electricity consumption in the process of changing the supplier;
- if the final customer does not send the self-read index, the DSO has the obligation to read the index of the measuring equipment in the period between the date of sending the supplier change notification and the date of the actual change of the supplier;
- the DSO has the obligation to create and maintain in the database, for each consumption place, for each month from the period January - December, information on the estimated active electricity consumption, established as appropriate, based on: (i) consumption of electricity recorded at the consumption place in the similar period of the previous year or of the determined electricity consumption taking into account the most recent readings made by the DSO; (ii) the specific consumption profile, determined by the DSO for the respective category of final customer if there is no consumption history for the place of consumption.
- the DSO has the obligation to allow free access to all electricity suppliers to the data in the database and to inform them on how to access the data;
- **until 1 November 2021**, the DSOs have the obligation to make available to the electricity suppliers the consumption data provided in the order and to publish on its own web pages information regarding the way of accessing these data;
- **starting with 1 January 2022**, in the case of consumption places for which consumer agreements are concluded, the distribution service invoicing will be performed by the DSO, based on these agreements, if there is no index for these consumption places read by the DSO or by the end customer.

Compliance Regulation

- **Amendment of the ANRE Order no. 5/2015** approving the *Regulation on monitoring by ANRE of compliance programs established by electricity distribution operators* - public debate:
 - designating the compliance agents and approving them based on a Decision approved by the ANRE Regulatory Committee, within 30 days from the Order entering into force;
 - the manner of elaboration and the content of the compliance programs drawn up by the DSO for electricity/natural gas, respectively for natural gas storage;
 - monitoring the application of compliance programs and their measures;
 - the manner of preparation and the content of the reports, by the compliance agent.

e) Primary legislation:

- On 24 July 2020, the **Law no. 155/24 July 2020** was approved for *amending and completing Law no. 123/10 July 2012*:
 - DSO has the obligation to ensure the financing and realization in 90 days of the non-household customers' connections, having a length lower than 2,500 m.

- On 19 December 2020, the **Law no. 290/15 December 2020** entered into force for the *amendment and completion of Law 123/10 July 2012*:
 - The DSO obligation to finance the connection works of the household customers and the recovery of the connection costs through the distribution tariffs, with a depreciation period of 5 years, in accordance with ANRE regulations.
- **GEO no. 84/2021** - in force starting with 6 August 2021:
 - repeals the provision of art. 72, paragraph (1) according to which DSOs and TSO ensure the continuity of electricity supply in the state of alert;
 - the cessation of providing services corresponding to the non-payment of outstanding debts cannot be achieved earlier than 90 days from the entry into force of GEO no. 84/2021.

f) European legislation

- The European Parliament approved in June 2019 the European regulations included in the **"Clean Energy for All Europeans"** Program, which includes the following documents:
 - **Regulation no. 941/2019** on risk-preparedness in the electricity sector;
 - **Regulation no. 942/2019**, establishing the European Union Agency for the Cooperation of Regulators;
 - **Regulation no. 943/2019** on the internal electricity market - applied starting with 1 January 2020, without the need to transpose into national legislation;
 - **Directive no. 944/2019** on common rules for the internal electricity market; is applied starting with 1 January 2021, after transposition into national legislation, the provisions with impact being:
 - ✓ Network losses (NL) - each distribution system operator acts as a neutral market facilitator in procuring the electricity needed to cover NL, in accordance with transparent, non-discriminatory, and market-based procedures, when it has such a function;
 - ✓ at least 80% of final customers must have smart meters by 2024;
 - ✓ by 2026, the technical process of changing the supplier should be possible to complete within 24 hours;
 - ✓ Citizens' energy communities (CECs) have access to all markets, either directly or by aggregation, in a non-discriminatory way.
- The Ministry of Economy and the Ministry of European Funds establish the architecture of the EU financing programs for 2021-2027, so that the Romanian energy sector enters the path of the 'Green Deal'.

g) Alignment with the European legislation - EU Regulation no. 943/2019:

15 minutes settlement

- **ANRE Order no. 27/31 March 2021** - ANRE orders amendment - settlement interval (SI) to 15 minutes - in force since 1 April 2021:
 - the amendment of ANRE orders containing references to trading/delivery/settlement intervals lasting one hour, with the intent to modify by using the phrase "settlement interval" and setting the duration of this interval to 15 minutes. The settlement interval is one hour until 1 July 2021, respectively 15 minutes, starting with 1 July 2021.

Electricity market functioning

- **ANRE Order no. 26/31 March 2021** for the *amendment of art. VII of the ANRE Order no. 65/2020* - in force since 1 April 2021:
 - long-term supply contract means any contract with a delivery duration equal to or higher than one month.

- **Draft order approving the balancing clauses and conditions** - public debate – phase II:
 - the purchase by the TSO, on the European trading platforms for balancing energy, of energy from the balancing service providers from EU member countries;
 - separate activation by direction of the balancing energy from the frequency restoration reserve with automatic activation (RRFa = the new term used to define the secondary setting);
 - the use of standard balancing energy products within each European balancing energy platform, which have the same static characteristics for all balancing service providers from each EU member state;
 - considering, in the internal balancing market settlement, the unintentional electricity trade between state members;
 - the emergence of the capacity market for frequency recovery reserves (RSF = the new term used to define the setting);
 - enters into force starting with 1 March 2022.
- **Investments**
 - At the end of the first semester of 2021, the operator Distribuție Energie Electrică România (DEER) made and put into operation investments amounting to RON 166.9 mn, representing 29.9% of the value of the commissioning program planned for 2021 (RON 558.4 mn, of which RON 549.1 mn plan for 2021, and RON 9.3 mn deferred values related to 2020; RON 160.3 mn were achieved from 2021 plan and RON 6.5 mn recoveries related to 2020). In addition to these values, the commissioning plan for 2021 includes connection works resulted from legislative amendments of approx. RON 104.1 mn, the total commissioning plan reaching RON 662.5 mn; from the connection works, no investments were made and put into operation in H1 2021.
 - The investment plans were prepared in accordance with the requirements provided by ANRE in the "*Procedure regarding the elaboration and approval of the investment programs of the concessionary economic operators of the electricity distribution service*" approved by ANRE order no. 204/14 November 2019 with subsequent amendments and completions.

Supply segment

- **Key Projects**
 - Starting from the significant changes in the energy market regarding the regulatory framework and growing competition, EFSA finished an ambitious internal transformation project which set to successfully meet the current and future challenges, and which mainly targeted the internal reorganization of the company, in terms of internal and external work processes and streamlining the customer experience in all points of contact, as well as the development of new skills specific to the sales area.
 - In the first stage, the project focused on developing the sales strategy and in the second stage, the effort focused on internal processes, systems and technology improvement, and, naturally, on upgrading organizational structures.
 - During 2020, EFSA continued to implement the redefinition and adaption processes to the current challenges of the energy market, by optimizing and rethinking its activities, in order to provide the company's customers with services at the highest professional level. In H1 2021, EFSA continued its efforts to transform the internal processes in the sales and customer relations areas, focusing on digitization and automation.
 - The current priorities in the supply segment are:
 - improving operational performance;
 - speeding up the digitization of main business workstreams;

- continuous development of value-added products and services;
- increasing the quality of supply service.

■ Regulatory framework

a) Primary legislation

During the first half of 2021, no normative acts were adopted to complete or update the special primary legislation related to the activity of electricity and natural gas supply.

Regarding the legislation related to the energy sector, in the context of the COVID-19 pandemic, the Government has decided to successively extend the state of alert initially established in 2020 (by Decision No. 394/2020), with 30 days each time, as follows: starting with 13 January 2021, by GD No. 3/2021; starting with 12 February 2021, by GD No. 35/2021; starting with 14 March 2021, by GD No. 293/2021; starting with 13 April 2021, by GD No. 432/2021; starting with 13 May 2021, by GD No. 531/2021; starting with 12 June 2021, by GD No. 636/2021; starting with 12 July 2021, by GD No. 730/2021; starting with 11 August 2021, through GD No. 826/2021.

Correlatively, until 6 August 2021, this implied the application of the measures with impact on the electricity and natural gas supply activity (i.e., the obligation of the transmission and distribution operators of electricity and natural gas to ensure the continuity of service supply, and, in case a situation of disconnection occurs, the postponement of performing this operation until the end of the state of alert).

As of 6 August 2021, when GEO No. 84/2021 had been enforced, the prohibition to disconnect electricity and gas customers during the state of alert had been removed. Regarding the supply cessation in case of non-payment of the outstanding debts, according to GEO no. 84/2021, this measure will not be able to be taken earlier than 90 days from the entry into force of GEO no. 84/2021.

b) Secondary legislation:

During the first semester of 2021, at the level of the regulatory framework, there were changes and completions in the following areas of activity and regulation:

Liberalization of the electricity market

- **ANRE Order no. 5/2021** amending the *ANRE Order No. 171/2020 for the approval of the suppliers of last resort (SoLR) electricity supply conditions* and for amending and supplementing *the Framework agreement for the supply of electricity to SoLR household customers*, approved by *the ANRE Order No. 88/2015*:
 - it includes provisions regarding the discount the SoLRs can grant to household customers who choose a competitive supply agreement. This discount, equal to the difference between the price in the universal service offer applicable between 1 January - 30 June 2021 and the price in the competitive offer with the lowest value, available on 20 January 2021, applies for the period from 1 January 2021 and until at least 30 June 2021;
 - New information obligations have been introduced for SoLRs for household customers from their own portfolio:
 - ✓ until 30 June 2021, accompanying each invoice issued: an information regarding the regulated tariffs' elimination, as well as an offer selection form, in the form established by ANRE, containing the competitive offer with the lowest value, a competitive alternative offer and the universal service offer, offers applicable in the first semester of 2021, as well as the value of the commercial discount granted and the application period, if applicable;

- ✓ between 1 May - 30 June 2021, monthly: a competitive offer and the universal service offer, valid as of 1 July 2021;
 - ✓ in the second semester 2021, accompanying each invoice issued: notification regarding the regulated tariffs' elimination.
- **ANRE Order no. 6/2021** for the amendment of the *Regulation for the electricity SoLR designation, approved by ANRE Order No. 188/2020*:
 - the definition of the non-household customers under supply of last resort regime (LR) has been modified, as to include the customers who are taken over because there is no other supply source ensured, as well as those who request the supply in LR regime.

Retail electricity/gas market – commercial regulations

- **ANRE Order no. 82/2021 and no. 91/2021** amending and supplementing *the Regulation on the supply of electricity to final customers*:
 - the amendments/completions are applicable, as a general rule, from 1 July 2021, and, as an exception (e.g., the new provisions regarding the settlement of customer complaints regarding the invoice, payment of compensations due based on the Performance Standard), from 1 January 2022;
 - the changes concern mainly: the content and publication of the offer and the supply contract (it must include all the price elements and it is published, cumulatively, in the ANRE Price Comparator, on the website and at the single point of contact), the determination method of the consumption for invoicing in the absence of the read/self-read index (estimation of consumption by the supplier based on the most recent readings or consumption from the previous similar period being allowed only until the end of 2021, afterwards will be made exclusively based on the consumption agreement issued by the distributor and concluded with the final customer by the supplier), the supply agreement conclusion – necessary documents (i.e. the ownership deed is no longer mandatory, being replaced with a declaration on own responsibility on the ownership right over the consumption place), settlement of invoice-related complaints and the supply contract termination for non-payment of the invoices (without being mandatory the consumption place disconnection), completing the mandatory content of the disconnection notice.
- **ANRE Order no. 83/2021** approving *the Performance Standard for the electricity/gas supply activity*:
 - the Regulation is common for electricity and gas, replaces the standards in force for the two areas and is applicable from 1 January 2022, except for the provisions regarding the reception of telephone calls through call center (applicable from 1 July 2023, respectively from 1 January 2024 regarding the compensations payment);
 - 11 guaranteed quality indicators are established regarding the response times to requests related to: supply offer communication; supply contract conclusion; amendment/completion of the supply contract; invoices; supply interruption/limitation at the consumption place, as the case may be, requested by supplier; resumption of supply at the consumption place, whose interruption/limitation was ordered by the supplier, subject related to the field of activity of the network operator; communication of responses received from the network operator; supplier change process; supply activity, other than those expressly provided; the response time of a telephone call made through call center service;
 - for each quality indicator, ANRE has established a guaranteed level that the suppliers have the obligation to respect and for whose non-compliance the suppliers will automatically/legally pay compensations to all categories of final customers;
 - a manner of evaluating by ANRE the activity carried out by the suppliers is introduced, through a scoring system established considering the degree of observance of the quality indicators guaranteed levels,

classification that will be made public through the ANRE Price Comparator;

- in conclusion, by comparison with the current standards: the scope was extended in terms of automatic payment of compensations to all categories of customers, several guaranteed quality indicators were introduced (11 compared to 8 for electricity, respectively 4 for natural gas, currently), the compensation levels for natural gas have been doubled/tripled, the suppliers' classification manner according to the level of compliance with the guaranteed quality indicators has been introduced.

Wholesale electricity/natural gas market

- **ANRE Order no. 7/2021** approving the *Regulation on the organized framework for trading standardized products on the centralized natural gas markets managed by Romanian Commodities Exchange S.A.:*
 - the Regulation includes trading rules for the centralized markets related to short, medium and long-term products, as well as flexible medium and long-term products.
- **ANRE order no. 26/2021** for the amendment of *ANRE Order No. 65/2020 regarding the amendment and completion of certain ANRE orders:*
 - in the application of the EU Regulation no. 943/2019 provisions on the internal electricity market (relating to the over-the-counter sale of energy), the long-term supply contract was redefined as any contract with a delivery duration greater than or equal to one month (compared to one year, according to previous regulations);
 - the above-mentioned contracts are concluded in compliance with the competition rules and are reported according to the provisions of the *EU Regulation on the integrity and transparency of the energy wholesale market* (REMIT).
- **ANRE Order no. 27/2021** on amending and supplementing *of certain ANRE orders:*
 - in the implementation of the European rules regarding the settlement interval at 15 minutes, nine regulations have been modified that establish trading rules on the centralized term markets for electricity, in which the reference to the *duration of one hour* will be replaced with the reference to the *settlement interval*, and this duration of the settlement interval should be one hour until 1 July 2021, respectively 15 minutes starting with 1 July 2021.
- **ANRE Order no. 33/2021** regarding the amendment and completion of ANRE Order no. 213/2020 for the approval of the *Regulation for the calculation and settlement of the balance responsible parties' imbalances - single imbalance price:*
 - the new rules apply starting with 1 June 2021;
 - the calculation method for determining the imbalance and the payment obligations/collection rights used in the imbalance price formula is replaced, with the values for these exchanges received by TSO from the European platform; the remuneration way for the electricity produced in production capacities/electricity storage installations that are in the trial period is modified.

- **ANRE Order no. 37/2014** for the abrogation *of the Regulation on the organization and functioning of the electricity Day Ahead Market (DAM), respecting the mechanism of markets price coupling and the amendment of some normative acts that regulate the electricity DAM:*
 - the repeal enters into force on 17 June 2021 and occurs in the context of the application of harmonized norms at European level in order to unify the day ahead markets.
- **ANRE Order no. 30/2021** regarding the amendment and completion *of the Methodology for regularizing the differences between the allocations and the quantities of distributed natural gas approved by ANRE Order no. 16/2020:*
 - the new rules apply in the process of gas system balancing and regulate the situation in which a distribution operator does not transmit to a network user the differences between the allocation and the distributed quantities and/or the differences between the final monthly allocation and the sum of the daily allocated quantities, as well as the specification of the weighted average price that applies in case the distribution contract terminates during the respective gas year.

Renewable energy sources, green certificates, prosumers

- **ANRE Order no. 9/2021** establishing the mandatory green certificate (GC) purchase quota for 2020:
 - the quota has been set at 0.45074 GC/MWh (as compared to 0.45061 GC/MWh estimated quota for 2020 and 0.433548 GC/MWh mandatory quota for 2019).
- **ANRE Order no. 15/2021** for the approval *of the procedure regarding the connection to the public interest electricity networks of the consumption and production places belonging to the prosumers who own installations for the electricity production from renewable sources with the installed power of at most 100 kW/consumption place:*
 - the regulation is relevant for the electricity supplier as it can carry out, on behalf of the prosumer, the connection related procedures, i.e., the transmission of the connection request, of the notification for connection work execution to the DSO, and of the request for the prosumer quality certification.
- **ANRE Order no. 50/2021** for the approval *of the rules for the sale of electricity produced in power plants, from renewable sources, with installed electrical power of no more than 100 kW belonging to prosumers:*
 - the new rules are applicable from 1 July 2021;
 - it is introduced, compared to the previous division into natural persons prosumers and legal persons prosumers, the division into natural persons prosumers with max. 27 kW installed power, respectively individual prosumers over 27 kW and max. 100 kW and legal entities max. 100 kW, in application of the provisions regarding: determining the quantity of electricity that benefits from the special applicable price, transmitting the measurement data by invoice or according to the sale-purchase contract concluded with the supplier and regularization in the invoice or between invoices.
- **ANRE Order no. 52/2021** for the approval *of the Methodology on monitoring the promoting system of the electricity production from renewable energy sources:*
 - the new Methodology is applicable from 1 July 2021;
 - it is taken over from the *Rules for selling electricity produced by prosumers* and completed, both in terms of transmission methods and content, the obligation of suppliers to submit monthly to ANRE information on sales-purchase contracts concluded with prosumers.

Regulated tariffs

- **ANRE Order no. 10/2021** regarding the amendment of the ANRE Order no. 214/2020 on the approval of *the average tariff for the transmission service, of the components of the transmission tariff for the insertion of electricity in the network (TG) and for the extraction of electricity from the network (TL), of the tariff for the system service and of the regulated price for reactive electricity practiced by Transelectrica S.A.:*
 - the new tariffs are applicable from 1 March 2021;
 - transmission tariff – introducing electricity into the network component - $T_G = \text{RON } 1.3/\text{MWh}$ (same level as before);
 - transmission tariff – electricity extraction from the network component - $T_L = \text{RON } 19.22/\text{MWh}$ (same level as before);
 - system service tariff = $\text{RON } 10.82/\text{MWh}$ (lower by 9.5% compared to the previous level).
- **ANRE Order no. 21/2021** for the abrogation of the ANRE Order No. 14/2019 on the approval of the *Methodology establishing the regulated tariffs for the provision of underground natural gas storage services:*
 - the Order aims the implementation of the amendments brought in 2020 to the *Law on electricity and natural gas No. 123/2020, with subsequent amendments and completions*, according to which, after 2020-2021 extraction cycle, the natural gas storage will no longer be a regulated activity;
 - therefore, starting with 1 April 2021, the underground natural gas storage service tariffs are no longer regulated by ANRE, but established by the storage operators, and the access to the storage depots (i.e. the related conditions) will be negotiated between the storage operators and users.

Investigation on the energy market

- **ANRE Order no. 22/2021** on amending and supplementing the *Regulation for the organization and development of the investigation activity in the field of energy regarding the functioning of the wholesale energy market, approved by the ANRE Order No. 25/2017*:
 - the amendments to the Regulation refer to, among others, the procedure for resolving complaints/notifications, providing the data, information and documents requested by ANRE, the rights of the investigation team members in relation to the market participants.

Natural gas supply license - validity conditions

- **ANRE Order no. 24/2021** on amending and supplementing *certain ANRE orders*:
 - changes to the Validity Conditions associated to the natural gas supply license have been approved: e.g. obligation to notify ANRE, within 5 working days, for any changes of the name, headquarters or contact data; elimination of the obligation to notify ANRE on the decisions to change/establish/dissolve the main or secondary headquarter/headquarters, the single points of contact, the regional/local information points; completing the ways of communicating with or transmitting information to ANRE (e.g. including magnetic support - CD/DVD/memory stick transmitted/deposited at the ANRE registry; by uploading on the ANRE website etc.).
- **ANRE Order no. 42/2021** on the approval *of the Framework conditions for validity associated with the license for the activity of natural gas trader*:
 - the rights and obligations of the natural gas trader license holders are established, with the mention that the trader license is absolutely necessary only in the case of exclusive development of this activity, otherwise, the natural gas supply license also allows the trading activity.

2.2. Summary of financial indicators

A summary of the main financial indicators is presented below:

- In the six month period ended 30 June 2021, EBITDA decreased to RON 357.1 mn, by RON 128.5 mn, as compared with the same period of 2020;
- The capital expenses in the first six months of 2021 were of RON 187.5 mn, decreasing by approx. 32.3%, compared to RON 277.1 mn in H1 2020, in line with the annual evolution of the approved investment plans and the investment plan allocation throughout the year;
- The operating profit in H1 2021 is of RON 115 mn, recording a fall of 51.5% as compared with the same period of the previous year, when the Group recorded an operating profit of RON 237.3 mn, mainly due to the rise in the electricity purchase prices on the electricity supply segment, following the complete liberalization of the electricity market, but also to the non-recurring effect from 2020 consisting in the recovery of the differences of electricity purchase costs from the previous periods on the regulated supply segment;
- The cost of electricity purchased increased by RON 354.5 mn, or 19.6%, to RON 2,166.6 mn in the six month period ended 30 June 2021, compared to RON 1,812.1 mn recorded in the comparative period, mainly as a result of the increase in the electricity purchase price on the supply segment;
- In H1 2021, the revenue from the electricity supply segment increased by RON 192.1 mn y-o-y, or 7.8%, to RON 2,647.7 mn (out of which RON 2,631.8 mn external revenues), mainly as a result of rising selling prices; the contribution of the electricity supply segment to the Group's consolidated revenue is of 80.7%;
- Revenue from the distribution segment fell by RON 93.5 mn, or 6.8%, to RON 1,280.6 mn (out of which RON 607.4 mn external revenues), compared to H1 2020; the contribution of the electricity distribution segment to the Group's consolidated revenue is of 18.6%.

3. Organizational Structure

3.1. Group Structure

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%).

Presentation of Group subsidiaries

Subsidiary	Activity	Registration code	Headquarters	% shareholdings as of 30 June 2021
Distributie Energie Electrica Romania S.A. („DEER”)	Electricity distribution in geographical areas Transilvania Nord, Transilvania Sud and Muntenia Nord	14476722	Cluj-Napoca	100%
Electrica Furnizare S.A. („EFSA”)	Electricity and natural gas supply	28909028	Bucuresti	99.9998409513906%
Electrica Serv S.A. („SERV”)	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	100%
Electrica Energie Verde 1 S.R.L.* („EEV1” – former Long Bridge Milenium SRL)	Production of electricity	19157481	Bucharest	100%*

Source: Electrica

*indirect shareholding - Electrica Energie Verde 1 SRL is 100% owned by the EFSA subsidiary

The main activities of the Group are the regulated distribution of electricity (through operation and development of electricity distribution networks) and the electricity supply to end consumers. The Group is the electricity distribution operator and the main electricity supplier in North Transylvania (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita-Nasaud counties), South Transylvania (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties) and North Muntenia (Prahova, Buzau, Dambovit, Braila, Galati and Vrancea counties), ensuring the service of the network users by operating installations that function at voltages ranging from 0.4 kV to 110 kV (power lines, substations and electrical transformer stations).

The distribution operator for the three regions - TN, TS and MN, invoices the electricity distribution service to electricity suppliers (mainly to EFSA subsidiary, the main electricity supplier in North Muntenia, North Transylvania and South Transylvania), which further invoices the electricity consumption to end consumers.

EFSA is a supplier of electricity in the competitive market and is also a designated supplier of last resort (SoLR) at national level.

The SoLR ensure the supply of electricity to final customers who benefit, under the law, from universal service, non-household customers who have not exercised their eligibility and non-household customers taken over because the supply of electricity is not ensured from any other source.

Regarding the electricity production segment, it is represented by the EEV1 subsidiary, which owns a photovoltaic park in Stanesti, Giurgiu county, with an installed capacity of 7.5 MW (operating capacity limited to 6.8 MW).

3.2. Key information by segments

SUPPLY SEGMENT

Market data (according to ANRE Report for April 2021)

- The supply market comprises both the competitive segment and the universal service segment (US) and supplier of last resort (SoLR) (before 1 January 2021 – market liberalization, the US and SoLR segment was represented by the regulated segment)
- The US and SoLR segment comprises six suppliers of last resort, while the competitive market segment comprises 90 suppliers (including those of last resort active in the retail market competitive segment, of which 83 are relatively small - less than 4% market share)
- EFSA has a market share of 18.54%; is the market leader on the US and SoLR market, with a market share of 31.14%, while for the competitive market had a share of 10.71%. By comparison, at December 2020, EFSA had a market share of 54.56% on the regulated market and a 10.86% market share on the competitive market (December 2020 ANRE report)
- In H1 2021, the Group supplied 4.6 TWh of electricity to approx. 3.5 mn consumption places (both in last resort and universal service regime and on the competitive market), representing an 0.8% increase y-o-y.

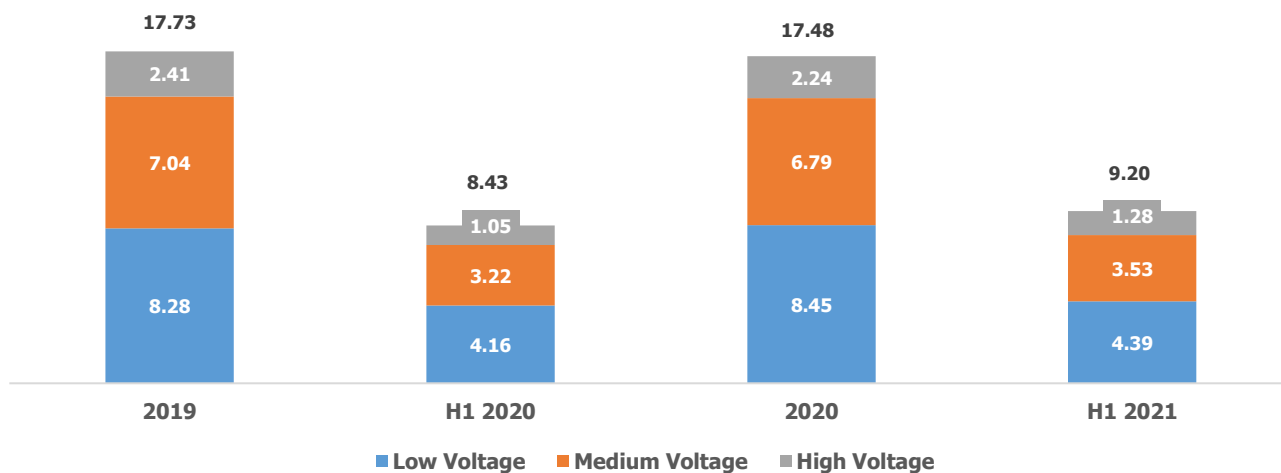
DISTRIBUTION SEGMENT

Information for the period ended 30 June 2021

- The estimated Regulated Assets Base (RAB) at the end of H1 2021 was RON 5.8 bn
- 200,496 km of electric lines – 7,600 km for High Voltage ("HV"), 46,368 km for Medium Voltage ("MV") and 146,527 km for Low Voltage ("LV")
- Total area covered: 97,196 km², 40.7% of Romania's territory

- 3.8 mn users at the end of H1 2021 for the distribution activity
- 9.2 TWh of electricity distributed in H1 2021, an increase of 9.1% as compared to H1 2020.

Figure 1: Quantity of electricity distributed on voltage levels (TWh)



Source: Electrica

4. 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%

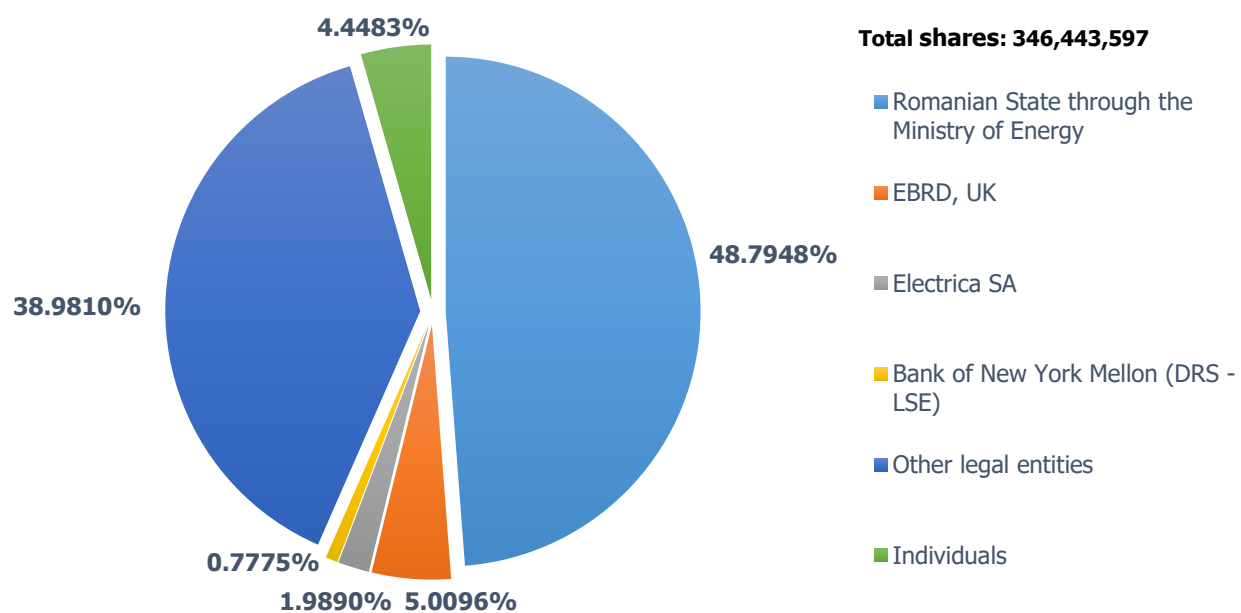
Source: Central Depository, Electrica

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

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

5. Operational Results

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

Indicator	30 June 2021 (reviewed)	30 June 2020 (reviewed)	Variation (%)
Revenues	3,260.1	3,200.0	1.9%
Other income	78.5	72.6	8.2%
Electricity and natural gas purchased	(2,166.6)	(1,812.1)	19.6%
Construction costs related to concession agreements	(176.9)	(360.1)	-50.9%
Employee benefits	(390.1)	(376.0)	3.7%
Repairs, maintenance, and materials	(42.5)	(47.8)	-11.2%
Depreciation and amortization	(242.1)	(247.2)	-2.1%
Impairment for trade and other receivables, net	(39.8)	(27.8)	43.2%
Other operating expenses	(165.8)	(164.2)	1.0%
Operating profit	115.0	237.3	-51.5%
Finance income	2.1	6.1	-65.6%
Finance costs	(13.8)	(13.6)	1.3%
Net finance cost	(11.7)	(7.5)	55.8%
Profit before tax	103.3	229.8	-55.0%
Income tax expense	(27.3)	(40.2)	-32.1%
Profit for the period	76.1	189.5	-59.8%

Source: Electrica

Key financial indicators for the period ended 30 June 2021:

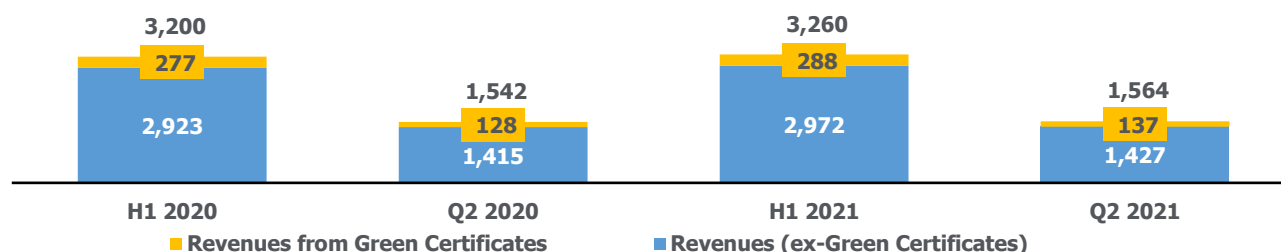
- **Revenues: RON 3.3 bn**, a 1.9% increase as compared with H1 2020;
- **EBITDA: RON 357.1 mn**, a RON 128.5 mn, or 26.5%, decrease compared to same period of last year;
- **EBIT: RON 115 mn**, a RON 122.3 mn y-o-y fall;
- **EBT: RON 103.3 mn**, drop by RON 126.5 mn compared with H1 2020;
- **Net result: profit of RON 76.1 mn**, a RON 113.4 mn y-o-y decrease.

Revenues and other income

Electrica's revenues and other income in the six month period ending 30 June 2021 and 30 June 2020 amounted to RON 3,338.6 mn and RON 3,272.5 mn, respectively, representing an increase of approx. RON 66.1 mn, or 2.0%; the variation is generated mainly by the revenues' evolution, the other operating income recording only a slight increase of approx. RON 5.9 mn.

Revenues

Figure 3: Revenue for H1 2021/Q2 2021 and comparative information (RON mn)



Source: Electrica

The revenues increased by RON 60.1 mn, or 1.9%, being the net effect of the following main factors:

- increase of RON 192.1 mn on the supply segment;
- RON 93.5 mn decrease of the distribution segment's revenues;
- external revenue (outside the Group): the Group's revenues towards third parties decreased by RON 53.1 mn, having an unfavorable impact.

During the six-month period ended 30 June 2021, revenues from the electricity distribution segment fell by approx. RON 93.5 mn, or 6.8%, to RON 1,280.6 mn, from RON 1,374.1 mn in the same period of the previous year, as a result of the following factors:

- favorable impact of approx. RON 109.2 mn, both from the increase in the volumes of electricity distributed by approx. 9.1% and from an average 2.9% rise in the distribution tariffs, compared to H1 2020;
- negative impact from the evolution of revenues recognized in accordance with IFRIC 12 - the revenues from electricity distribution segment are influenced by the recognition of investments into the network under concession agreements, these revenues decreasing in H1 2021 by RON 188.7 mn, compared to the same period of the last year;
- negative impact from the changes in the operational segments' structure - following the merger of SEM and SERV in 2020, starting from 2021, SERV revenues are presented in the external electricity network maintenance segment.

Regarding the supply segment, the revenue from the electricity and natural gas supply increased by RON 192.1 mn, or 7.8%, to RON 2,647.7 mn, from RON 2,455.6 mn in H1 2020.

The variation of the supply segment revenue is mainly driven by the 6.1% retail electricity sale price increase, but also by the 0.8% rise in the volumes of electricity supplied on the retail market.

The green certificates value included in final consumer invoice, set by ANRE, increased from RON 62.7/MWh in H1 2020 to RON 64.1/MWh in H1 2021.

Electricity and natural gas purchased

In H1 2021, the expense with electricity and natural gas purchased increased by RON 354.5 mn, or 19.6%, to RON 2,166.6 mn, from RON 1,812.1 mn in the comparative period.

This variation is mainly generated by the increase of electricity costs on the supply segment, to which is added the increase in the electricity costs needed to cover NL and in the GC purchase costs, the latter having no impact on the result.

The table below presents the structure of the electricity purchased expenses for the indicated periods:

Six month period ending 30 June (RON mn)	2021	2020	%
Electricity purchased to cover network losses	364.0	358.4	1.6%
Electricity and natural gas purchased for supply	1,376.9	1,038.4	32.6%
Transmission and system services related to supply activity	137.7	138.2	-0.4%
Green Certificates	287.9	277.2	3.9%
Total electricity purchased	2,166.6	1,812.1	19.6%

Source: Electrica

The cost of the electricity purchased for supply (including transmission and system services) increased by RON 348.8 mn, or 24%, to RON 1,802.5 mn in H1 2021, from RON 1,453.7 mn recorded in H1 2020.

The evolution is mainly determined by the higher level of electricity purchase prices, both on the competitive sector and the universal service and supplier of last resort (SoLR) sector, which in 2020, was a regulated segment and was influenced by the recovery, in the form of positive corrections, of some purchase losses from previous years, when the tariffs approved by ANRE were below the actual electricity purchase price, effect that didn't exist in 2021; also, there was a 13.9% increase in the volume of electricity purchased in the competitive segment, compared to the same period of the last year.

In H1 2021, after the complete liberalization of the energy market, the purchase prices were slightly reduced on the universal service and SoLR segment, compared to the competitive one.

In the context of liberalization, according to OPCOM data, the purchase price on the Day Ahead Market (DAM) had an ascending trend in H1 2021, up to historical maximum levels for June 2021.

Thus, the trading prices on DAM in June 2021 recorded an increase of 152% compared to June 2020 and 106% compared to the same month in 2019, being the highest trading prices recorded at the level of this month in the last 10 years. The increasing evolution of prices continued in July, when they were at a level 160% higher than the same month last year.

Green certificates' (GC) cost is recognized in the statement of profit and loss based on the quantitative quota set by the regulatory authority and influenced by the GC amount that the Group has to purchase for the current year and GC purchase price on the centralized market. The green certificates cost is a pass-through cost.

During the six month period ended 30 June 2021, the cost of GC increased by RON 10.8 mn, or 3.9%, to RON 287.9 mn, from RON 277.2 mn in the six month period ended 30 June 2020.

The variance was mainly influenced by:

- higher supplied volumes, for which there is an obligation to purchase green certificates, by 1.7% (negative impact of RON 4.8 mn);
- 2.4% increase in the GC average purchase price from RON 138.9/GC in H1 2020 to RON 142.2/GC in H1 2021, partially offset by the decrease in the GC average regulated quota imposed to electricity suppliers by ANRE at 0.4505 GC/MWh supplied in H1 2021 from 0.4510 GC/MWh in H1 2020 (negative impact of RON 6.0 mn).

Regarding the distribution segment, in H1 2021, the cost of electricity purchased to cover network losses increased by RON 5.6 mn, or 1.6%, to RON 364 mn, from RON 358.4 mn, the evolution being generated mainly by higher

volumes of electricity needed to cover network losses (negative impact of RON 4.6 mn), and also by an increase in the electricity purchase prices (negative effect of RON 1 mn).

Construction costs

In H1 2021, the costs related to concession agreements decreased by RON 183.2 mn, or 50.9%, to RON 176.9 mn, from RON 360.1 mn in the comparative period, being correlated with the evolution of the investments realized, related to the Regulated Asset Base.

Employee benefits

The expenses with employee benefits increased by RON 14.1 mn, or 3.7%, to RON 390.1 mn in H1 2021, from RON 376 mn in the same period of the previous year, being mainly the net effect of:

- the salary and other benefits increases in the distribution area, as a result of the CLA provisions alignment in the three regions following the merger;
- expenses decrease within the supply company, where in H1 2021 no additional costs were recorded related to the compensatory payments related to the voluntary leave program within the company, compared to H1 2020.

Repairs, maintenance and materials

In H1 2021, the expenses with repairs, maintenance and materials recorded a decrease of RON 5.3 mn, or 11.2%, compared with the same period of the previous year, mainly due to a lower level of materials and raw materials needed in carrying out the energy services company's activity.

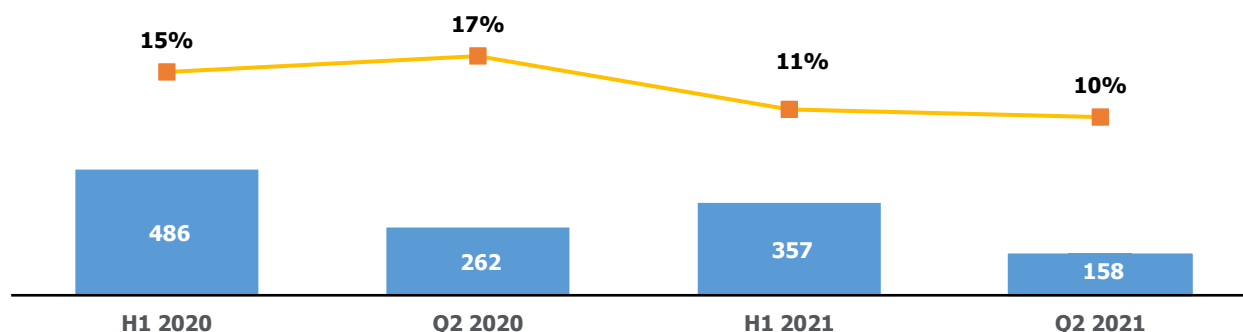
Impairment for trade and other receivables, net

In H1 2021, the impairment adjustments for the depreciation of trade receivables had a negative effect of RON 12 mn, reaching the value of RON 39.8 mn, from RON 27.8 mn in the same period of the previous year, being mainly the effect of trade receivables impairment adjustments recognition, as a result of the insolvency of several customers on the distribution segment.

Other operating expenses

In the first six months of 2021, the other operating expenses increased by RON 1.6 mn, or 1%, to RON 165.8 mn, from RON 164.2 mn in the same period of 2020, mainly from:

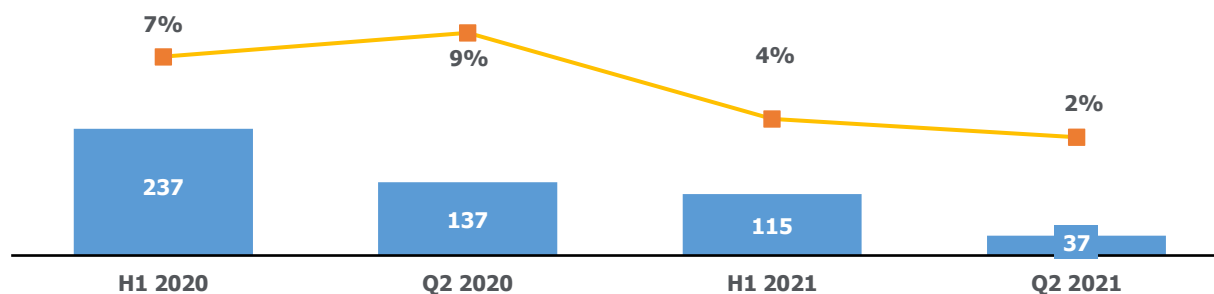
- the unfavorable effect of the net change in provisions, of approx. RON 11.3 mn, the highest impact being the RON 7 mn provision recognized for the supply subsidiary obligations, representing compensations deriving from the application of the Performance Standard for the electricity supply activity provided in ANRE Order no. 6/2017, following the complete market liberalization process started on 1 January 2021, to which a slightly increase in the distribution segment provisions is added;
- the operating expenses decrease of RON 8.6 mn, compared with 2020 when a revaluation loss was recorded, following the process of contributing the AMR system to the distribution subsidiaries' share capital, with no effect in 2021.

EBITDA and EBITDA margin**Figure 4: EBITDA and EBITDA margin for H1 2021/Q2 2021 and comparative information (RON mn and %)**

Source: Electrica

Operating result

The Group EBIT decreased by approx. RON 122.3 mn y-o-y, the EBITDA evolution being slightly alleviated by the favorable impact of the depreciation expense decrease by RON 5.1 mn, or 2.1%.

Figure 5: EBIT and EBIT margin for H1 2021/Q2 2021 and comparative information (RON mn and %)

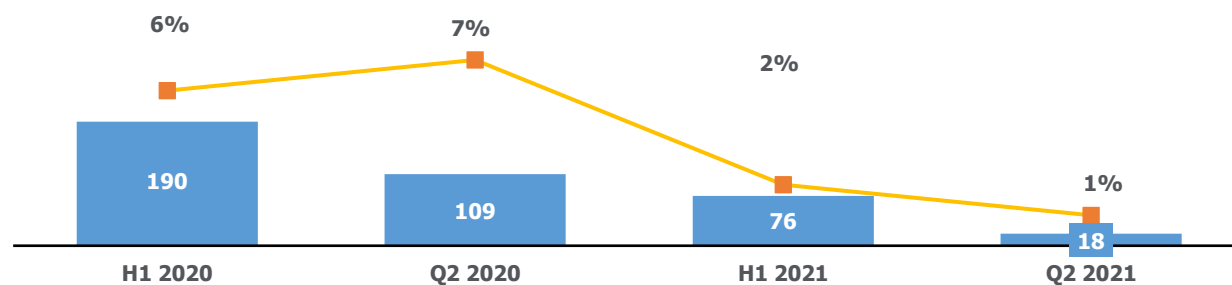
Source: Electrica

Net finance cost

The net finance cost at group level increased by RON 4.2 mn in H1 2021 compared to the similar period in 2020, mainly as a result of lower finance income.

Net result for the period

As a result of the above described factors, in the six month period ended 30 June 2021, the net profit decreased by RON 113.4 mn, to RON 76.1 mn, from RON 189.5 mn in the comparative period.

Figure 6: Net profit and Net profit margin for H1 2021/Q2 2021 and comparative information (RON mn and %)

Source: Electrica

6. Financial position

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

	30 June 2021 (reviewed)	31 December 2020 (audited)	Variation (%)
ASSETS			
Non-current assets			
Intangible assets related to concession agreements	5,415.3	5,455.2	-0.7%
Other intangible assets	6.2	7.2	-14.1%
Property, plant and equipment	502	508.1	-1.2%
Deferred tax assets	21.6	19.7	9.7%
Other non-current assets	1.6	1.2	32.7%
Right of use asset	25.2	27.1	-7.0%
Total non-current assets	5,971.8	6,018.5	-0.8%
Current assets			
Trade receivables	1,158.2	1,029.8	12.5%
Other receivables	31.3	32.5	-3.5%
Cash and cash equivalents	316.6	570.9	-44.6%
Restricted cash	320.0	320.0	-
Inventories	72.0	70.0	2.8%
Prepayments	10.1	2.8	257.2%
Current income tax receivable	1.6	1.8	-11.7%
Assets held for sale	15.1	15.5	-2.6%
Total current assets	1,924.9	2,043.3	-5.8%
Total assets	7,896.7	8,061.8	-2.0%
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)	-
Revaluation reserve	108.4	116.4	-6.8%
Legal reserves	392.3	392.3	-
Retained earnings	1,591.2	1,759.5	-9.6%
Total equity attributable to owners of the Company	5,584.0	5,760.3	-3.1%
Total equity	5,584.0	5,760.3	-3.1%
Liabilities			
Non-current liabilities			
Lease liability – long term	13.8	16.9	-18.3%
Deferred tax liabilities	187.7	177.7	5.6%
Employee benefits	155.7	143.9	8.2%
Other payables	32.7	33.9	-3.4%
Long-term bank borrowings	472.3	400.3	18.0%

	30 June 2021 (reviewed)	31 December 2020 (audited)	Variation (%)
Total non-current liabilities	862.3	772.7	11.6%
Current liabilities			
Lease liability – short term	12	10.7	11.6%
Bank overdrafts	89	165	-46.1%
Trade payables	531.3	607.2	-12.5%
Other payables	286.2	241	18.8%
Deferred revenue	6.2	5.6	10.8%
Employee benefits	82.1	92.3	-11.1%
Provisions	28.9	19.2	50.1%
Current income tax liability	9.4	9.2	1.7%
Current portion of long-term bank borrowings	405.4	378.6	7.1%
Total current liabilities	1,450.4	1,528.8	-5.1%
Total liabilities	2,312.7	2,301.5	0.5%
Total equity and liabilities	7,896.7	8,061.8	-2.0%

Source: Electrica

Non-current assets

The non-current assets decreased by RON 46.7 mn in H1 2021, or 0.8%, to RON 5,971.8 mn as of 30 June 2021, from RON 6,018.5 mn at 31 December 2020, this variation being mainly the effect of the RON 39.9 mn decrease of intangible assets related to concession agreements, as a result of a lower level of investments made in the distribution network compared to the amortization related to the analyzed period.

Current assets

At 30 June 2021, current assets decreased by RON 118.5 mn compared to 31 December 2020, or 5.8%, from RON 2,043.3 mn to RON 1,924.9 mn, this evolution being mainly the net effect of lower value of cash and cash equivalents and of the trade receivables level increase. Below is presented the evolution of current assets' elements that generate most of the variation.

Cash and cash equivalents

Cash and cash equivalents include cash balances, call deposits and deposits with maturities of up to three months that have insignificant exposure to the fair value change risk, being used by the Group for the management of short-term commitments.

Their value decreased by RON 254.4 mn in H1 2021, or 44.6%, reaching RON 316.6 mn, from RON 570.9 mn at 31 December 2020, the cash being used mainly for the distribution company's investments' internal financing, as well as for working capital financing.

Trade receivables

Trade receivables increased by RON 128.5 mn during H1 2021, or 12.5%, to RON 1,158.2 mn, from RON 1,029.8 mn at 31 December 2020. This variation is generated especially by the supply segment, being influenced by the impact of COVID-19 on the receivables collection, by the issuance of emergency certificates, and also by the increase in sales.

Non-current liabilities

The non-current liabilities recorded an increase as of 30 June 2021, of RON 89.6 mn, reaching the value of RON 862.3 mn, from RON 772.7 mn as of 31 December 2020, mainly as a result of the increase in the long term bank borrowings, of RON 72 mn, in order to finance the distribution company's investments.

Current liabilities

At 30 June 2021, the current liabilities decreased by RON 78.4 mn, to RON 1,450.4 mn, from RON 1,528.8 mn at the end of 2020, mainly as a result of the changes in the categories listed below.

Overdrafts

The overdrafts decreased in H1 2021 by RON 76 mn, reaching RON 89 mn, from RON 165 mn at the end of 2020, as the Group has streamlined its working capital financing methods, including the implementation of a cash pooling structure.

Trade payables

As of 30 June 2021, trade payables decreased by approx. RON 75.9 mn, to RON 531.3 mn, from RON 607.2 mn at 31 December 2020, mainly from lower balances related to suppliers of non-current assets.

Other payables

Other payables increased in H1 2021 by RON 45.3 mn, reaching RON 286.2 mn, from RON 241 mn at the end of 2020, mainly from VAT payable balance increase.

7. Statement of cash flows

The following table presents the consolidated statement of cash flows of Electrica Group (amounts in RON mn):

	30 June 2021 (reviewed)	30 June 2020 (reviewed)	Variation (%)
Cash flows from operating activities			
Profit for the period	76.1	189.5	-59.9%
Adjustments for:			
Depreciation	10.0	17.9	-43.9%
Amortization	232.0	229.3	1.2%
(Reversal of impairment)/Impairment of property, plant and equipment and intangible assets, net	(0.1)	1.0	-
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	(0.1)	0.2	-
Impairment of trade and other receivables, net	39.8	27.8	43.1%
Impairment of assets held for sale	0.2	0.1	118.1%
Change in provisions, net	9.6	(1.7)	-
Net finance cost	11.7	7.5	55.5%
Corporate income tax expense	27.3	40.2	-32.2%
	406.4	511.9	-20.6%
Changes in:			
Trade receivables	(173.3)	(20.1)	760.8%
Other receivables	(0.9)	(3.0)	-68.5%
Prepayments	(7.2)	(6.2)	16.2%
Inventories	(2.0)	6.6	-
Trade payables	(13.8)	(115.6)	-88.1%
Other payables	43.4	4.2	929.0%
Employee benefits	(3.6)	4.5	-
Deferred revenue	0.6	(0.4)	-
Cash generated from operating activities	249.6	381.9	-34.6%
Interest paid	(11.0)	(9.5)	15.4%
Income tax paid	(18.4)	(24.2)	-24.0%
Net cash from operating activities	220.3	348.2	-36.7%
Cash flows from investing activities			
Payments for purchases of property, plant and equipment	(5.7)	(3.6)	60.3%
Payments for network construction related to concession agreements	(238.0)	(335.2)	-29.0%
Payments for purchase of other intangible assets	(1.2)	(0.3)	241.5%
Proceeds from sale of property, plant and equipment	0.9	2.1	-58.3%
Proceeds from deposits with maturity of 3 months or longer	-	66.5	-100.0%
Interest received	1.4	5.9	-76.3%
Net cash used in investing activities	(242.7)	(264.7)	-8.3%

	30 June 2021 (reviewed)	30 June 2020 (reviewed)	Variation (%)
Cash flows from financing activities			
Proceeds from long-term bank borrowings	122.9	180.7	-32.0%
Repayment of long-term bank borrowings	(24.1)	-	-
Payment of lease liabilities	(8.0)	(17.9)	-55.5%
Dividends paid	(246.8)	(244.9)	0.8%
Net cash used in financing activities	(156.0)	(82.1)	90.0%
Net (decrease)/increase in cash and cash equivalents	(178.4)	1.4	-
Cash and cash equivalents at 1 January	406.0	256.9	58.0%
Cash and cash equivalents at 30 June	227.6	258.2	-11.9%

Source: Electrica

In **H1 2021**, the net decrease in cash and cash equivalents amounted to **RON 178.4 mn.**

The net cash generated by the operating activity was of RON 220.3 mn. The net profit was RON 76.1 mn; the main non-monetary elements adjustments for the net profit were: adding the depreciation and amortization of RON 242.1 mn, the impairment adjustments for current assets of RON 39.8 mn, the net finance cost of RON 11.7 mn, the income tax of RON 27.3 mn and the net change in provisions of RON 9.6 mn.

Changes in working capital had an unfavorable effect, of RON 156.8 mn, the most significant impact being generated by the negative change in trade receivables of RON 173.3 mn, as well as in trade payables, of RON 13.8 mn, but also by the positive variation of other payables in amount of RON 43.4 mn. Income tax paid and interest paid amounted to RON 29.3 mn.

For the investment activity, the cash used was of RON 242.7 mn, the most significant values being related to the payments for the network construction in connection with the concession agreements, RON 238 mn; these have recorded a decrease of approx. 29% y-o-y.

The financing activity generated a decrease in cash and cash equivalents of RON 156 mn, the main factors being the dividends paid to the shareholders - RON 246.8 mn, the withdrawals related to the long term borrowings – positive effect of RON 122.9 mn, and the repayments of long term borrowings – negative effect of RON 24.1 mn.

In **H1 2020**, the net increase in cash and cash equivalents amounted to **RON 1.4 mn.**

The net cash generated by the operating activity was of RON 348.2 mn. The net profit was RON 189.5 mn; the main non-monetary elements adjustments for the net profit were: adding the depreciation and amortization of RON 247.2 mn, adding the impairment adjustments for current assets of RON 27.8 mn, of the financial gain of RON 7.5 mn and of the income tax of RON 40.2 mn.

Changes in working capital had an unfavorable effect, of RON 130 mn, the most significant impact being generated by the change in trade payables, of RON 115.6 mn, and the change in trade receivables of RON 20.1 mn, both having a negative impact. Income tax paid and interest paid amounted to RON 33.7 mn.

For the investment activity, the cash used was of RON 264.7 mn, the most significant values being related to the payments for the network construction in connection with the concession agreements, RON 335.2 mn; these have recorded a decrease of approx. 29.9% y-o-y.

The financing activity generated a decrease in cash and cash equivalents of RON 82.1 mn, the main factors being the dividends paid to the shareholders - RON 244.9 mn, and the withdrawals related to the long term loans – positive effect of RON 180.7 mn.

8. 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.

Electrica Group activates 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 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. 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	Smart networks and smart meters will create benefits for the end consumers, distribution	Electricity prices and

Key drivers	Description	Impact on
development	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.	consumption
Increase in environmental awareness	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.	Electricity prices and consumption, regulatory framework

Source: Electrica

The regulatory framework perspective and the impact on the energy market

The energy regulatory framework has experienced major changes in the past decade, including market liberalization, unbundling and implementation of the support scheme for renewable energy.

For the distribution segment, the significant changes in the Romanian legislation were detailed *at chapter 2.1*. Based on these changes, the expected effects refer to:

- the changes brought by the new methodology for establishing the distribution tariffs and the RRR level, that will generate a negative impact on the operational and financial performances of the DSO, as a result of the ANRE approval of the operating and maintenance costs at a lower level than the necessary costs requested by the DSO, as well as of ANRE annually carrying out the costs and forecast investments corrections.
- the changes brought to the methodology in 2020 regarding the regulation of some aspects in case of mergers, which were materialized through the obligation of the gross benefits annual reporting, as well as of the merger associated expenses;
- investments in electrical distribution network - ANRE approved Order no. 3/20 January 2021 which grants a 2% additional incentive to RRR for investments in electrical distribution network made from own funds in projects in which European non-reimbursable funds were attracted, if the investments were made and commissioned by the operators after 1 February 2021;
- is introduced the DSO obligation to realize, in addition to the investment plan, the connection works of the household and non-household customers;
- ANRE has approved the Performance Standard for the electricity distribution service, which brings additional obligations for the DSO which will lead to operating costs and investments higher than the values approved by ANRE.

The regulatory changes with significant impact in the **supply segment** are the following:

- the total liberalization of the electricity market as of 1 January 2021 and the elimination of regulated electricity tariffs applied for household customers;
- redefining, in application of the EU Regulation 943/2019 provisions on the internal electricity market, regarding the over-the-counter trading of energy, of the long-term supply contract in the sense of reducing it to at least one month (compared to one year according to previous regulations);
- change of the *Electricity Supply Regulation* with impact especially on the content and publication of supply offer and contract, determination of consumption in the absence of read/self-read index, the necessary documents for concluding the supply contract;
- approval of a new *Performance Standard* for the supply of electricity/gas, applicable as of 1 January 2022, through which: the rules applicable in this field for the electricity and natural gas supply activities were harmonized; in terms of automatic compensation payment, the scope has been extended to all categories of customers; more mandatory quality indicators were introduced, generating compensations for customers in

case of non-compliance; the compensation levels for natural gas were doubled/tripled; a suppliers' ranking method was introduced, based on the level of compliance with quality indicators.

9. Capital Expenditures

A core part of Electrica business strategy includes implementing the investment plan. Electrica's activities require significant capital expenditures mostly connected with its operations in the electricity distribution segment. Furthermore, Electrica's assets require periodic maintenance and modernization in order to improve the operational efficiency.

Electrica's capital expenditures in the six-month periods ending 30 June 2021 and 30 June 2020 amounted to RON 187.5 mn and RON 277.1 mn, respectively.

The volume of investments in the distribution network reflects the Group's effort to accomplish the planned level of investments for 2021, especially in the distribution segment.

The volume of investments had a material impact and, according to Electrica's expectations, will continue to have such impact on Electrica's results of operations, indebtedness and future cash flows.

Capital expenditures in the distribution network will only have the anticipated positive impact on Electrica's result of operations to the extent they are recognized in the Regulated Asset Base by ANRE and considering the rate of return approved by the regulatory authority.

10. Statements

Based on the best available information, we confirm that the interim condensed consolidated 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 the Electrica Group'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. 65 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 Group's development and performance.

Chair of the Board of Directors,

Iulian Cristian BOSOANCA

Chief Executive Officer,

Corina Georgeta POPESCU

Chief Financial Officer,

Mihai DARIE

11. Annexes

11.1. Details of the main investments of Electrica Group during the first semester of 2021

During 1 January 2021 – 30 June 2021, the most significant investments of Electrica Group are the following:

DESCRIPTION	Value (RON mn)
MUNTENIA NORD	
Modernization and SCADA system integration of 110/20 kV Ianca Substation	2.59
Realization of coexistence conditions with the existing electrical networks necessary to obtain the location permit for Traian Vuia street, H. Coanda street, blv. G. Cosbuc, 1 Decembrie 1918 Street and Al. Macelaru, Galati municipality	2.52
Modernization of poll mounted transformer substation, LV OHL equipment and LV connections in Cobia commune, localities: Gherghitesti, Frasin Vale, Frasin Deal, Manastirea, Mislea, Capsuna, Craciunesti, Closcani, Blidari	1.89
Voltage level improvements in Tudor Vladimirescu, Galati County	1.85
Upgrading of 110 kV protection system and SCADA system integration for Ploiesti Sud Substation	1.84
Voltage level improvements for consumers in Mogosani commune, localities: Mogosani, Meri, Chirca, Cojocaru, Zavoiu	1.71
Modernization of electricity distribution installations belonging to Buzau branch, at blocks of flats in Brosteni neighborhood, Buzau County	1.66
Extension and modernization of 110/20/6 kV Tecuci Substation, Galati County	1.58
Modernization of 20 kV OHL by insulation and conductor replacement (20 kV OHL Urleasca - SR Ramnicelu, 20 kV OHL Lacu Sarat - SRPD 1-4, 20 kV OHL Romanu - T. Vladimirescu and 20 kV OHL Gropeni – Tichilesti)	1.42
Modernization and SCADA system integration Magura Substation	1.19
Extension of SMART Measurement System (SMS) in Vrancea county, localities: Marasesti, Gologanu, Slobozia Ciorasti, Jiliste, Balta Ratei, Liesti, Gura Calitei, Cocosari, Groapa Tufei, Rasca, Sotarcari, Rachitosu, Bicestii de Jos, Vultur, Popesti, Tamboiesti, Nanesti, Vitanesti de sub Magura, Urechesti, Sarbi, Biliesti, Mircestii Noi, Dragosloveni, Budesti, Valea Cotesti, Hangulesti, Ciorasti, Codresti, Spatareasa, Ciuslea, Bordesti, Bordestii de Jos, Bordestii de Sus, Chiojdeni, Maracini, Seciu, Lojnita, Martinesti, Jitia, Candesti, Candesti Deal, Candesti Vale, Precistanu, Poiana Cristei, Mihalceni, Armeni, Belciugale, Coroteni, Balesti, Faurei, Bordeasca Veche	1.17
Modernization of electrical distribution networks in area of poll mounted transformer substations: 7087 no. 1, 7083 no. 2, 7084 no. 4, 7085 no. 5, 7088 no. 6, 7188 nr. 7 and 7082 SMA from Chiraftei locality, Mastacani commune, Galati County	1.15
Modernization of electrical distribution networks in Voetin, Sihlea, Vrancea County	1.00
Increasing the supply reliability of 20 kV OHL Petresti-Irigatii 2, from 110/20 kV Crovu Substation, Arges river crossing	0.95
Modernization of LV OHL and LV connections for consumers of Stefan cel Mare Street, Braila city	0.93
Modernization of transformer substations powered from 20 kV Independenta underground cable line, Unirii, 24 Ianuarie, Substatia Obor, Patinoar, in Buzau city	0.89
TRANSILVANIA SUD	
Integration of substations belonging to CEM 110 kV Alba into the SCADA DMS system of the TS area	8.39
Modernization of transformer substations by replacing MV cells, TDRIs (indoor network distribution board for transformer stations), integration in SAD and repairing buildings related to transformer stations in Sacele municipality, Brasov County	6.12
Voltage level improvements and modernization of LV OHL and LV electrical connections in Sancraiu de Mures and Nazna, Mures county	2.83
Modernization of LV OHL Marsa locality, Sibiu County	2.34
Modernization of LV OHL Hipodrom 1, 2, 3 area, Sibiu municipality, Sibiu County	2.21

DESCRIPTION	Value (RON mn)
Modernization of electricity supply installations in Medias city – Vitrometan neighbourhood, Sibiu county	2.13
Modernization of electrical distribution network 200.4 kV, security and systematization of connections, locality Feldioara, Brasov County - Stage 1 area related to transformer station no.11 and 30	1.72
Modernization of LV OHL Bistra, Bistra commune, Alba County	1.71
Modernization of MV network and of LV OHL, voltage level improvements and security and systematization of LV connections - Doamna Stanca street and related streets, Fagaras municipality, Brasov County	1.50
Works at 110 kV OHL South Sibiu - Ucea 1 + 2, Sibiu County	1.40
Voltage level improvements and modernization of electrical distribution network, LV OHL and LV connections of Stejerisului, Cibunului, Calea Poienii streets, Brasov locality, Brasov County	1.36
Modernization of distribution networks on Dozsa Gyorgy, Belchiei, Pescarilor, Rozelor streets, Gheorgheni municipality, Harghita County	1.32
TRANSILVANIA NORD	
Integrated security, monitoring and intervention System for the substations of TN area	3.39
Modernization of 110/20/10 kV Baci Substation	1.37
Modernization of pole mounted transformer substations belonging to TN area - Cluj-Napoca branch, Cluj County - Vol.2 - Gherla area	1.98
Modernization of the electrical distribution networks in the Municipality of Cluj-Napoca, B-dul 21 Decembrie 1989 area and the adjacent streets, Cluj County	1.33
Construction of new MV underground cable line to increase the security of electricity supply in area of Cihei locality, Sanmartin commune	2.60
Modernization of 110/20 kV Nistru Substation	1.55
Modernization of Satu Mare 2 110 kV Substation and introduction of 20 kV busbar	1.34
Modernization of neutral treatment groups in Carei 1 Substation	1.33
Reservation of 20kV busbar for Satu Mare 2 Substation from Carpati Substation, Satu Mare municipality	1.55
Modernization OHL 20 Kv Pompe between S.S. 6350 and FBT transformer substation - reconstruction of poll mounted transformer station Moara Jibou and voltage level normalization on Campului street, Jibou locality	1.12

Source: Electrica

In the first semester of 2021, the largest transfers from tangible assets in progress to tangible assets, representing mainly commissioning of investments, are the following:

DESCRIPTION	Value (RON mn)
MUNTENIA NORD	
Extension and modernization of 110/20/6 kV Tecuci Substation, Galati County	3.68
Upgrading of 110kV protection system and SCADA system integration for Ploiesti Sud Substation	2.08
Modernization of transformer station equipments, LV OHL equipments and LV connections in Cobia commune, localities: Gherghitesti, Frasin Vale, Frasin Deal, Manastirea, Mislea, Capsuna, Craciunesti, Closcani, Blidari	1.95
Increasing the network voltage from 6 kV to 20 kV in Tecuci city, stage III – neighbourhoods N.Balcescu, Gh.Petrascu and Criviteni, Galati county	1.90
Increasing the supply reliability of 20 kV OHL Petresti-Irigatii 2, from 110/20 kV Crovu Substation, Arges river crossing	1.83
Upgrading protections of 110 kV and 6 kV cells, installation of the second neutral earthing group by resistor at 20 kV and SCADA system integration in 110/27,5/20/6 kV Ploiesti Nord Substation	1.65
Modernization and SCADA system integration of 110/20 kV Mizil Substation	1.54
Modernization and SCADA system integration of Magura Substation	1.41
Modernization of electrical distribution networks in area of poll mounted transformer substations: 7087 no. 1, 7083 no. 2, 7084 no. 4, 7085 no. 5, 7088 no. 6, 7188 nr. 7 and 7082 SMA from Chiraftei locality, Mastacani commune, Galati County	1.32

DESCRIPTION	Value (RON mn)
Modernization of electricity distribution installations belonging to Buzau branch, at blocks of flats in Brosteni neighbourhood, Buzau County	1.24
Extension of SMART Measurement System (SM) in Vrancea county, localities Marasesti, Gologanu, Slobozia Ciorasti, Jiliste, Balta Ratei, Liesti, Gura Calitei, Cocosari, Groapa Tufei, Rasca, Sotarcari, Rachitosu, Bicestii de Jos, Vulturu, Popesti, Tamboiesti, nanesti, Vitanesti de sub Magura, Urechesti, Sarbi, Biliesti, Mircestii NOi, Dragosloveni, Budesti, Valea Cotesti, Hangulesti, Ciorasti, Codresti, Spatareasa, Ciuslea, Bordesti, Bordestii de Jos, Bordestii de Sus, Chiojdeni, Maracini, Seciu, Lojnita, Martinesti, Jitia, Candesti, Candesti Deal, Candesti Vale, Precistanu, Poiana Cristei, Mihalceni, Armeni, Belciugele, Coroteni, Balesti, Faurei, Bordeasca Veche	0.89
TRANSILVANIA SUD	
Integration of substations belonging to CEM from Alba 110 kV Operations Centre into the SCADA DMS system of TS area	6.71
Works at 110 kV OHL South Sibiu - Ucea 1 + 2, Sibiu County	1.54
Modernization of LV OHL Bistra, Bistra commune, Alba County	1.32
Modernization of transformer substations by replacing MV cells, TDRIs (indoor network distribution board for transformer stations), integration in SAD and repairing buildings related to transformer stations in Sacele municipality, Brasov County	1.10
Voltage level improvements and modernization of LV OHL and LV electrical connections in Sanraiu de Mures and Nazna, Mures county	1.00
TRANSILVANIA NORD	
Regulating 110 kV OHL of Oradea metropolitan area	7.11
Modernization of 110/20/10 kV Baci Substation	5.31
Increasing the quality of the distribution service vol.2A - modernization of 32 wall cabin transformation substations from Baia Mare, Somcuta Mare, Targu Lapus, Ulmeni localities, Maramures county	3.98
Integrated security, monitoring and intervention System for the substations of TN area	3.39
Increasing the degree of security in the electricity supply, Stana de Vale area	2.62
Modernization of pole mounted transformer substations belonging to TN area Cluj-Napoca branch, Cluj County - Vol.2 - Gherla area	2.35
Modernization of Satu Mare 2 110 kV Substation and introduction of 20 kV busbar	1.94
Modernization of pole mounted transformer substations belonging to Bistrita branch	1.66
Modernization of 110/20/6 kV Prundu Bargaului Substation	1.52
Modernization of pole mounted transformer substations Ciresoaia 1, Ciresoaia 3, Ciresoaia CAP as well as modernization of LV OHL and LV connections in the area Ciresoaia PMTS 1,3, CAP, Ciresoaia locality, Bistrita County	1.36
Construction of new MV underground cable line to increase safety in electricity supply, for the area related to MV distributors - Dej1, Dej2, Dej3 powered from Dej Cuzdrioara Substation, Dej locality, Cluj County	1.35
Modernization of LV OHL in Baita de sub Cordu locality, area of pole mounted transformer substations no.1, 2 and 4	1.31
Modernization of transformer substations in metal construction Sarmasag, Sarmasg Mine Colony, LV OHL regulation and LV connections in the Coloniei Minei area	1.29
Modernization of LV OHL and LV connection in Finteușu Mic locality, pole mounted transformer substation no.1 and 2 area	1.25
Modernization of pole mounted transformer substations belonging to Oradea branch	1.22
Increasing the safety in the supply of electricity to consumers from S-axis Pericei, modernization of pole mounted transformer substation no. 4 and power injection in Pericei locality, Salaj county	1.21
Development of the SAP IT system to implement the regulations regarding the change of the settlement interval of the load curves from 60 min to 15 min	1.16
Integration in SCADA of the installations within Oradea branch	1.14
Conductor replacements of OHL 0.4 kV and power injection OHL 0.4 kV in Viseul de Jos locality – pole mounted transformer substation no. 6 area	1.13
Modernization of 20 kV OHL Tg. Lapus – Lapusul Romanesc vol. I	1.01

Source: Electrica

11.2. Litigations

Electrica Group litigations in the first semester of 2021 (updated as of 12 August 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 President 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.
12	Plaintiff: DEER Defendant: ANRE 184/2/2015	Contentious administrative litigation – Cancellation of ANRE Order no. 146/2014 regarding the setting of the regulated rate of return applied at the approval of the tariffs for the electricity distribution service provided by the DSOs starting with 1 January 2015 and the abrogation of art. 122 of the tariff setting methodology for the electricity distribution service, approved by the ANRE order no. 72/2013.	High Court of Cassation and Justice	Suspended case file until the final settlement of the Bucharest Court of Appeal case 7341/2/2014 (actual 4804/2/2020). It is analyzed the reinstatement of case no. 184/2/2015 in time (30.12.2021).
13	Plaintiff: DEER Defendant: ANRE 309/2/2020	Judicial action on the cancellation of documents issued by regulatory authorities – Order no. 227/2019 regarding the approval of the tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDMN).	Bucharest Court of Appeal	In course of settlement.
14	Plaintiff: DEER Defendant: ANRE 213/2/2015	Cancellation of ANRE Order no. 146/2014 regarding the establishment of the regulated rate of return applied to the approval of the tariffs for the electricity distribution service provided by the DSOs from 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.
15	Plaintiff: DEER Defendant: ANRE 305/2/2020	Action for the cancellation of ANRE's President Order no. 228/2019 regarding the approval of the of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDTN).	Bucharest Court of Appeal	Action dismissed on merits, appealable within 15 days from its communication.
16	Plaintiff: DEER Defendant: ANRE 371/2/2015	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	Bucharest Court of Appeal	Suspended until the settlement of the case file no. 208/2/2015.

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
		DEER (ex SDTS).		
17	Plaintiff: DEER Defendant: ANRE 208/2/2015	Cancellation of the ANRE's President Order no. 146/2014 regarding the establishment of the regulated rate of return applied to the approval of the tariffs for the electricity distribution service provided by DSOs from 1 January 2015 and the abrogation of Art. 122 of the Tariff Pricing Methodology for Electricity Distribution Service, approved by the ANRE Order no. 72/2013.	High Court of Cassation and Justice	Suspended. Waiver of the trial at the appeal regarding the suspension decision.
18	Plaintiff: DEER Defendant: ANRE 303/2/2020	Cancellation of ANRE Order no. 229/2019 regarding the approval of the of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (ex SDTS).	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 extinguishment by prescription of the amount of RON 16,915,950 representing the profit tax registered in Decision no.	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
		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 5,161,491.64; 3. Establishing a 15 days term from the decision so that NAFA-DGAMC to settle the fiscal file as indicated	Bucharest Court of Appeal	Regularization proceedings.

Crt. no.	Parties/Case file number	Object	Court	Case status
		above, imposing late penalties of RON 1,000/day of delay for exceeding this term, due to Electrica by DGAMC.		
6	Plaintiff: DEER Defendant: NAFA - DGAMC 359/2/2020 (former 1018/2/2016*)	Cancellation of administrative act – Decision no. 462/23 November 2015, litigation amount of RON 7,731,693 (RON 4,689,686 income tax + RON 3,042,007 VAT) and for the amount of RON 6,154,799 (RON 3,991,503 interests/penalties and late fees related to income tax + RON 2,163,296 interests/penalties and delay fees related to the VAT).	Bucharest Court of Appeal - retrial	The court of first instance rejected the action as unfounded. The plaintiff filed an appeal, admitted by the court, which quashes the contested decisions and, re-judging, partially admits the action. Partially annuls Decision no. 462 / 23.11.2015 issued by A.N.A.F – DGSC, regarding point 3. Obliges the defendant A.N.A.F –DGSC to settle on the merits the claim regarding the amount of RON 10,091,323. It sends for retrial to the same court the request regarding the other fiscal obligations retained by the fiscal body, amounting RON 13,886,492. Final (file no. 1018/2/2016 *). In retrial, case no. 1018/2/2016* was registered with a new number, 359/2/2020 - in course of settlement. DGAMG - ANAF rejected by Solution Decision no. 154 / 02.07.2020, the appeal regarding the amount of RON 10,091,323 (Point 3 of Decision no. 462/2015) reason for which an action for annulment was filed on 22.12.2020 (file no. 641/42 / 2020).
7	Plaintiff: DEER Defendant: DGAMC – NAFA 641/42/2020	Annulment of the administrative act of the Settlement Decision 154/02.07.2020 for the amount of RON 10,091,323 (point 3 of the Decision no. 462 / 23.11.2015)	Ploiesti Court of Appeal	In course of settlement.
8	Plaintiff: DEER Defendant: Galati City Hall - DITVL Galati 263/42/2020	Cancellation of administrative documents issued by the fiscal bodies within the Galati City Hall - DITVL Galati, respectively Fiscal inspection report, taxation decision and decision to resolve the appeal. According to the Fiscal Inspection Report, the control team determined an additional tax on buildings, together with the related accessories, in a total amount of RON 24,831,293, for the 2012-2015 period.	Ploiesti Court of Appeal	In course of settlement.
9	Plaintiff: EL SERV Defendant: NAFA 5786/2/2018	Cancellation of administrative act NAFA RIF 2017 and decision no. 305/30 May 2017, amounting to RON 46,260,952, the amount by which the fiscal loss of the Company was diminished; RON 7,563,561 established as additional VAT for payment	High Court of Cassation and Justice	By decision 2145/2019 dated 03.07.2019, the court admits the request. Partially annuls Decision no. 22 / 18.01.2018 regarding the settlement of the appeal, Taxation Decision no. F-MC 305 /

Crt. no.	Parties/Case file number	Object	Court	Case status
		by the refusal to deduct the VAT + related accessories.		30.05.2017, The provision regarding the measures established by the fiscal inspection bodies no. 115046 / 30.05.2017 and RIF no. F-MC 177 / 30.05.2017, regarding the amount of RON 7,264,463 VAT with the related accessories, illegally retained as non-deductible, respectively regarding the amount of RON 37,083,657 with which the fiscal loss was illegally diminished. In the case, an appeal was filed by both parties, next term on 06.10.2021.
10	Plaintiff: EL SERV Defendant: NAFA 31945/3/2018	Cancellation of administrative decision no. 221/19 July 2017 - cancellation of penalties related to the decision no. 305/2017 from above, RON 118,215.	Bucharest Tribunal	Suspended until the final settlement of the case no. 5786/2/2018.
11	Plaintiff: DEER Defendant: MFP-NAFA – DGRFP Cluj – AJFP Maramures 371/33/2017	Appeal of tax decision no. F-MM-180/2016 regarding additional tax and VAT, as well as interest/late payment increases and late payment penalties. Preliminary administrative procedures were conducted in 2017, prior to the case filing. Amount: RON 32,295,033.	High Court of Cassation and Justice	Appeal – in course of settlement.
12	Plaintiff: EFSA Defendant: NAFA – DGAMC 8709/2/2018	Cancellation of: <ul style="list-style-type: none"> DGSC Decision no. 325/26 June 2018 Decision F-MC 678/28 December 2017 Report F-MC 385/28 December 2017 Decision no. 511/24 October 2018 Decision no. 21095/24 July 2018 Value: RON 11,483,652	Bucharest Court of Appeal	In course of settlement.

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	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

Crt. no.	Parties/Case file number	Object	Court	Case status
		the defendant to pay the legal interest from the date of the decision until the effective payment, court costs.		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 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	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

Crt. no.	Parties/Case file number	Object	Court	Case status
		RON 7,344,390.		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 20.11.2015-22.05.2018. SERV filed an appeal, dismissed as unfunded. SERV filed 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 unfounded, 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	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.

Crt. no.	Parties/Case file number	Object	Court	Case status
	35729/3/2019			
15	Plaintiff: VIR Company International S.R.L. Defendant: DEER 7507/105/2017	Claims - the amount requested by VIR Company International SRL consists of: - EUR 5,000,000, damage caused by delayed issuance of the connection certificate for the photovoltaic plant located in Valea Calugareasca commune, Darvari village; - EUR 155,000, equivalent of the amount of electricity produced by the plant during the technological tests period; - EUR 145,000, green certificates related to the amount of energy produced by the photovoltaic plant during the technological tests period. In addition, it requires to DEER to pay the penalty interest of 5.75%/year for all the amounts of money claimed and court costs.	Prahova Court	In course of settlement.
16	Creditor: DEER Debtor: Transenergo Com S.A. 1372/3/2017	Insolvency proceedings. Amount: RON 9,274,831.	Bucharest Court	Ongoing proceedings. On 3 February 2021, the Debtor's reorganization plan was confirmed, according to which unsecured receivables do not participate in distributions. The Debit represents the accumulated receivables as a result of the distribution subsidiaries merger.
17	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.
18	Plaintiff: Tutu Daniel and Tudori Ionel Defendant: DEER 180/233/2020	Claims - equivalent value of land related to the Galati Center Transformation Station – RON 2,500,000.	Galati Court	In course of settlement.
19	Plaintiff: Sinaia City Hall Defendant: DEER 3719/105/2020	Action in "Obligation to do" administrative litigation. Sinaia City Hall requests: -mainly: obliging MN to comply with LCD 113/2015 in the sense of executing the works regarding the underground location of the technical-municipal networks for the project "Energy efficiency and lighting extension of the historic area - Sinaia" - in the alternative: in case MN will not execute the works in due time and the City Hall will execute the works in our name and on our behalf, MN will be obliged to pay RON 7,659,402.72 + VAT (RON 9,101,192); - updating the amount requested in	Prahova Court	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
		subsidiary with the inflation rate and legal interest.		
20	Plaintiff: DEER Defendant: Romenergy Industry S.A. 2088/107/2016	Bankruptcy - amount: RON 9,224,595.51.	Alba Court	Ongoing proceedings. The debit represents the accumulated receivables as a result of the distribution subsidiaries merger.
21	Plaintiff: Asirom Vienna Insurance Group S.A. Defendant: DEER 439/111/2017	Recourse claims – for RON 2,842,347, representing the compensation paid by the plaintiff to the insured company SC Ciocorom SRL following a fire that occurred on 7 March 2013. DEER fault is invoked for the over-voltage after a power outage.	Bihor Court	In course of settlement.
22	Plaintiff: Energo Proiect SRL Defendant: DEER 374/1285/2018	Claims of RON 2,387,357.	High Court of Cassation and Justice	In first court, the case was dismissed. In the appeal, the court admitted the plaintiff's appeal, partially annulling the sentence on the merits by rejecting the exception of the lack of capacity to use the Oradea Branch and retrying, rejecting the exception of illegality of ANRE Decision no. 1285/05.09.2017 invoked by the defendant DEER. Dismisses as unfounded the request for a lawsuit filed by the plaintiff in contradiction with DEER and the Oradea Branch. The plaintiff filed an appeal, which is in the filter procedure.
23	Plaintiff: DEER Defendant: Romenergy Industry S.A. 3086/62/2016	Payment ordinance - amount: RON 2,806,318.	Brasov Court	Ceased under art. 75 para. 1 final thesis from Law no. 85/2014 (as a result of the finality of the decision to open the bankruptcy procedure of Romenergy Industry S.A. (file no. 2088/107/2016)).
24	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.
25	Plaintiff: DEER Defendant: directors and managers 342/62/2020*	Claims against the former general managers of the company, as a result of the non-fulfillment of some measures ordered by the Court of Accounts for the amount of RON 8,951,812.	Brasov Court	In course of settlement.
26	Plaintiff: EL SERV	Insolvency – amount to be recovered: RON	Bucharest	Procedure closed. It was ordered

Crt. no.	Parties/Case file number	Object	Court	Case status
	Defendant: Best Recuperare Creante SRL 2253/3/2011 (former 58348/3/2010)	3,938,811.	Court	the deregistration of the debtor from ORC Bucharest.
27	Plaintiff: EL SERV Defendant: National Leasing IFN S.A. 18711/3/2010	Bankruptcy – amount admitted to the credit table: RON 21,663,983.27 (guaranteed RON 17,580,203.48 and unsecured RON 4,083,779.79).	Bucharest Court	Ongoing proceedings.
28	Plaintiff: EL SERV Defendant: Servicii Energetice Banat S.A. 8776/30/2013 (joint with cu 2982/30/2014)	Bankruptcy - amount admitted to the credit table RON 72,180,439.68.	Timis Court	Ongoing proceedings.
29	Plaintiff: EL SERV Defendant: SEO 2570/63/2014	Bankruptcy - amount admitted to the credit table RON 26,533,446.	Dolj Court	Ongoing proceedings.
30	Plaintiff: EL SERV Defendant: SED 8785/118/2014	Bankruptcy - amount admitted to the credit table: RON 15,130,315.27.	Constanta Court	Ongoing proceedings.
31	Plaintiff: EL SERV Defendant: SE Moldova 4435/110/2015	Bankruptcy – amount: admitted to the credit table RON 73,708,082.90.	Bacau Court	Ongoing proceedings.
32	Plaintiff: EL SERV Defendant: New Koppel Romania 20376/3/2016	Claims – EUR 655,164, equivalent of RON 3,210,305.75.	Bucharest Court	Ongoing proceedings.
33	Plaintiff: Integrator S.A. Defendant: EL SERV, SAP Romania 34479/3/2016**	Claims – EUR 1.277.435,25 euro license + 2.650.855,68 euro maintenance – RON equivalent 19,321,005.11	Bucharest Court of Appeal	The case was suspended on 12.06.2019 until the jurisdiction was established in case 30 266/2017 registered with the Karlsruhe Court and declined in favor of the Mannheim Court.
34	Plaintiff: EL SERV Defendant: SED 8785/118/2014/a1	Bankruptcy – opposition to the preliminary table - debt RON 3,025,622.	Constanta Court	Appeal admitted in part, the court ordering the registration of the appellant in the preliminary table of the debtor's obligations with the amount of RON 18,807.37, representing leasing rates and maintenance services. Definitively settled.
35	Plaintiff: EL SERV Defendant: directors and administrators	Action in attracting the liability of directors and administrators - measure II.7 of Decision no. 13/27.12.2016 issued by the	Bucharest Court	The court dismissed the action as prescribed, ordering the plaintiff to pay the judicial costs. The

Crt. no.	Parties/Case file number	Object	Court	Case status
	2013-2014 35815/3/2019	Court of Accounts of Romania – RON 7,165,549 + legal interest of RON 4,485,340.29.		sentence can be appealed within 30 days from the communication; the sentence has been communicated.
36	Plaintiff: EL SERV Defendant: directors and administrators 2010-2014 35828/3/2019	Action in attracting the liability of directors and administrators - measure II.8 of Decision no.13/27.12.2016 issued by the Court of Accounts of Romania for the amount of RON 19,611,812 + Legal penalties of RON 14,475,832.43.	Bucharest Court	The court dismissed the action as it has been modified and specified, as prescribed. Orders the plaintiff to pay the judicial costs. The sentence can be appealed within 30 days of it's communication. The sentence has not been communicated.
37	Creditor: EFSA Debtor: Apaterm S.A. Galati 4783/121/2011*	Bankruptcy – registering to the list of creditors for the amount of RON 2,547,551.	Galati Court	Ongoing proceedings.
38	Creditor: EFSA Debtor: Vegetal Trading SRL Braila 1653/113/2014	Insolvency proceedings - registering to the list of creditors for the amount of RON 1,851,392.	Braila Court	Ongoing proceedings.
39	Creditor: EFSA Debtor: Ariesmin S.A. Branch 7375/107/2008	Bankruptcy - registering to the list of creditors for the amount of RON 20,711,588.	Alba Court	Ongoing proceedings.
40	Creditor: EFSA Debtor: Zlatmin S.A. Branch 6/107/2003	Bankruptcy - registering to the list of creditors for the amount of RON 9,314,176.	Alba Court	Ongoing proceedings.
41	Creditor: EFSA Debtor: Hidromecanica S.A. 3836/62/2009	Bankruptcy - registering to the list of creditors for the amount of RON 4,792,026.	Brasov Court	Ongoing proceedings.
42	Creditor: EFSA Debtor: Nitramonia S.A. 1183/62/2004	Bankruptcy - registering to the list of creditors for the amount of RON 2,321,847	Brasov Court	Ongoing proceedings.
43	Creditor: EFSA Debtor: Remin S.A. 32/100/2009	Insolvency proceedings - registering to the list of creditors for the amount of RON 71,443,402.	Timisoara Court	Ongoing proceedings.
44	Creditor: EFSA Debtor: Oltchim S.A. 887/90/2013	Bankruptcy - registering to the list of creditors for the amount of RON 56,533,826.	Valcea Court	Ongoing proceedings.
45	Creditor: EFSA	Insolvency proceedings - registering to the	Cluj	Ongoing proceedings.

Crt. no.	Parties/Case file number	Object	Court	Case status
	Debtor: Energon Power and Gas S.R.L. 53/1285/2017	list of creditors for the amount of RON 2,421,236.	Specialized Court	
46	Creditor: EFSA Debtor : CUG S.A. 2145/1285/2005	Bankruptcy - registering to the list of creditors for the amount of RON 7,880,857.	Cluj Specialized Court	Ongoing proceedings.
47	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.
48	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, 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.
49	Plaintiff: EL SERV Defendant: ENEL DISTRIBUTIE MUNTENIA S.A. 4233/2/2020 (former nr. 24088/3/2015)	Claims. Late penalties regarting the litigation with Autocourier S.R.L. in amount of RON 3,068,929.67 according to the Agreement no. 1055/2002 as well as delay penalties for the main debt of RON 5,605,351.26 calculated after 30.06.2015 untill the entire payment of the main debt.	Bucharest Court of Appeal	Cased admitted in retrial on merits. The appeal filed by Enel against the decision favorable to SEM was dismissed. E-Distributie filed an appeal.
50	Plaintiff: IVAN LAURA IONELA IVAN CORNEL IONUT IVAN VLADIMIR MIHAI Defendant: Servicii Energetice Muntenia 34705/3/2015	Civil liability - work accident resulting in employee death (amount of compensation claims – EUR 3 million).	Bucharest Court	Case suspended according to art. 413 par. 1 par. 1 Civil Procedure Code. (criminal file ongoing).

Crt. no.	Parties/Case file number	Object	Court	Case status
51	Plaintiff: CAZACU MARIA Defendant: DEER 7212/200/2020/a1	Liability of the principal for the act of the person in charge - work accident resulting in death of an AISE employee (amount of compensation claimed: EUR 510,000)	Buzau Court	In course of settlement.
52	Plaintiff: PRICOPIE STEFAN Defendant: DEER 12807/231/2019	Faulty killing (art.192 NCP) - third party electric shock (amount of damages claimed: EUR 500,000)	Focsani Court	In course of settlement.
53	Plaintiff: DEER – Defendant: COS Targoviste 1906/120/2013	Insolvency – banckrupcy – total amount: RON 4,613,140.31.	Dambovita Court	Ongoing procedure. From the total receivable, the amount of RON 3,255,350.39 represents the current receivable, for which a payment request was formulated which is the object of the file 2478/120/2021, with a settlement term on 19.10.2021; The file 2478/120/2021 will be solved in case the sentence of opening the bankruptcy procedure will be annulled.
54	Plaintiff: DEER Defendant : Prutul SA 4798/121/2019	Claims: RON 4,343,437	Galati Tribunal	On the merits, the court admitted the exception of inadmissibility. The solution can be appealed.
55	Plaintiff: Verta Tel SRL Defendant: DEER 4106/3/2021	Claims – contractual liability: RON 2,009,233	Bucharest Tribunal	In course of settlement.
56	Plaintiff: DEER Defendant: Getica 95 SRL 1666/114/2021	Insolvency – registration at the creditors table for the amount of RON 26,283,220.67	Buzau Tribunal	In course of settlement.

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	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

Crt. no.	Parties/Case file number	Object	Court	Case status
	2268/2/2014*			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 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.	Bucharest Court of Appeal	In course of settlement.
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.
4	Plaintiff: EFSA	Disputes with the Romanian Court of	High Court	The court definitively dismissed

Crt. no.	Parties/Case file number	Object	Court	Case status
	Defendant: Romanian Court of Accounts 2213/2/2017	Accounts (Law no. 94/1992), action for the annulment of the Decision no. 11/2016, of the Decision no. 23/2017 and of the Control Report no. 5799/2016.	of Cassation and Justice	the request filed by EFSA.
5	Plaintiff: EL SERV Defendant: Romanian Court of Accounts 2098/2/2017	Disputes with the Romanian Court of Accounts for the annulment of the administrative act – Decision no. 11/27 February 2017.	Bucharest Court of Appeal	In course of settlement.
6	Plaintiff: DEER Defendant: Romanian Court of Accounts Intervenient: SERV 1677/105/2017	Suspension and annulment of the measures imposed by the Decision of Prahova Chamber of Accounts no. 45/2016, following the Control Report of the Prahova Chamber of Accounts no. 6618/11 November 2016.	Prahova Court	In course of settlement.

Source: Electrica

5. Other litigations with significant impact

Crt. no.	Parties/Case file number	Object	Court	Case status
1	Plaintiff: Niculescu Vladimir Defendant: DEER, City Hall Valenii de Munte 1580/105/2008**	Claim under Law no. 10/2001 – for a land of 1,558 sqm and built area of 202 sqm, located in Valenii de Munte, N. Iorga str. no. 129 and being used by the Exploitation Center Valeni.	Prahova Court	In first instance, the plaintiff's action was partly admitted, it is acknowledged the right to reparative measures by equivalent for the land of 1,402 sqm located in Valenii de Munte, Blvd. Nicolae Iorga no. 129 (currently no. 131), Prahova County. The Plaintiff and Valenii de Munte Town Hall filed an appeal. The Plaintiff's appeal was admitted and the case was sent for retrial to the first instance. In the retrial, the first instance court admitted the right of the plaintiff to compensatory measures under the law regarding some measures for completing the restitution process of the buildings taken over abusively, for the land with an area of 1,402 sqm. With appeal within 15 days from the communication.
2	Plaintiff: DEER Defendant: Local Council of Oradea City, RCS&RDS	Cancellation of Oradea LCD no. 108/17 February 2014 regarding the organization of the public auction for the concession of the 100,000 sqm land area, in order to realize an underground sewerage for the	Bihor Court	At the request of RCS-RDS, the case was suspended until the case file 2414/2/2016 was settled with Delalina SRL, a file that is in the role of the

Crt. no.	Parties/Case file number	Object	Court	Case status
	3340/111/2015	placement of electronic and electrical communications networks.		Bucharest Court of Appeal.
3	Plaintiff: Delalina S.R.L. Defendant: DEER 910/111/2016	The obligation to issue technical permit for connection in the favour of SC Delalina SRL.	Bihor Court	The case file was suspended until the settlement of the case file no. 2414/2/2016 with Delalina SRL, case file on the lawsuit of the Bucharest Court of Appeal.
4	Plaintiff: Carei City and others Defendant: DEER 15600/211/2016*	Claims - it is requested to grant compensation in the form of material and moral damages, caused, by interrupting the supply of electricity to the consumers, in the Carei municipality, during 31.12.2014-02.01.2015.	Cluj Napoca Court	On 21.04.2021, the court rejects the action of a plaintiff as a result of admitting the exception of lack of capacity to use, rejects the exception of lack of active procedural quality of plaintiffs, invoked by defendants, rejects the exception of lack of passive procedural quality of defendant DEER, rejects the exception of lack of procedural quality liabilities of the defendant Electrica Furnizare SA and admits in part the action in contradiction with the defendant ELECTRICA FURNIZARE SA. Dismisses as unfounded the request for formal proceedings by the applicants in the preceding paragraph in contradiction with DEER. Obliges the defendant ELECTRICA FURNIZARE S.A., to pay the moral damages in favor of the plaintiffs in a differentiated way, in the amount of 500 RON for some of the plaintiffs, 750 RON and 1000 RON for other plaintiffs, rejecting at the same time the moral damages for other plaintiffs. With call within 30 days from communication.
5	Plaintiff: Delalina S.R.L., Foto Distributie S.R.L. Defendant: DEER, ANRE, Romanian Government, Ministry of Economy, Commerce and Relationships with the Business Environment, Ministry of Energy, Banat Enel Distribution,	Cancellation of administrative acts (Order 73/2014, Concession agreements).	High Court of Cassation and Justice	First court has rejected the exceptions and the action filed by the plaintiffs, which have initiated an appeal; On 22.03.2021, the court ruled in favor of the company, stating that DEER's (ex SDTN) incident appeal was invalid and rejected as unfounded the main appeal filed by Foto Distributie SRL si Delalina SRL. The court rejected as unfounded the appeals filed by E-Distributie Muntenia SA (ex Enel Distributie Muntenia), E-

Crt. no.	Parties/Case file number	Object	Court	Case status
	Muntenia Enel Distribution, Dobrogea Enel Distribution 2414/2/2016			Distributie Banat SA (ex Enel Distributie Banat) si E-Distributie Dobrogea SA (ex Enel Distributie Dobrogea). Dismisses, as unfounded, the cross - appeal brought by the appellant - defendant Ministry of Economy, Entrepreneurship and Tourism (Ministry of Economy) and the cross - appeal filed by the Ministry of Energy against the same sentence. Final.
6	Plaintiff: Delalina S.R.L., Foto Defendant: ANRE Intervener: DEER 4013/2/2016	The cancellation of the ANRE decision on refusal to give licenses for electricity distribution.	Court of Appeal Bucharest	The file was suspended until the settlement of case file no. 2414/2/2016.
7	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.
8	Plaintiff: ELSA Baile Defendant: Herculan 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 Herculan, 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

Crt. no.	Parties/Case file number	Object	Court	Case status
				sends the case for retrial to Caras Severin Court.
9	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 to 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	Suspended until the settlement of the file 1994/30/2019.
10	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.
11	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.
12	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 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	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
		right of the Energy Company Electrica SA 3. Order the defendant to pay the court costs.		
13	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.
14	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 Alea 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.
15	Plaintiff: DEER Defendant: ANARC (ANCOM) si Telekom Romania Communications SA 7407/2/2020	Appeal against Decision no. 1177 / 13.11.2020 of the ANARC President. It was requested the partial annulment of the ANCOM decision and the complete rejection of the Telekom Romania request.	Bucharest Court of Appeal	In course of settlement.
16	Plaintiff: Valenii de Munte City Hall Defendant: DEER 2848/105/2020	Valenii de Munte City Hall requests the obligation of DEER (Ploiesti) to take over public lighting installations and to pay their equivalent value of RON 466,880.	Prahova Court	In course of settlement.
17	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.
18	Reclamant : Grup 4 Instalatii	The obligation of DEER to recognize, to respect the property right of G4Instalatii	Cluj Commercial	Case registred in August, after the reporting period. In

Crt. no.	Parties/Case file number	Object	Court	Case status
	Parat: DEER 375/1285/2021	regarding the buildings located in Cluj Napoca, Str. Ilie Macelaru no. 28A and Str. Power Plant no. 2, registered in CF 297841 Cluj Napoca with no. I'm falling. 297841, consisting of land with an area of 10720 sqm and constructions: construction registered in CF with no. cad 297841-C1, construction of administrative headquarters with an area of 1560 sqm; body A, construction no. cad 297841-C2 - 512 sqm, building B, construction no. I'm falling. 297841 -C3 - 171 sqm, building C, construction no. I'm falling. 297841 - C4 - 338 sqm, building D, construction no. Cad. 297841-C6 - 348 sqm - 110/10 Kw Transformation Station. It is requested the handing over of the above buildings and the rectification of the CF registrations in the sense of: the annulment of the tabulation conclusions by which the DEER property right was registered, the deregistration of the CF property right, the registration of the property right in favor of G4I.	Tribunal	regulating proceedings.
19	Plaintiff: ELSA Defendant: Kaufland Romania SCS, Municipiul Deva, prin Primar si Consiliul Local al Municipiului Deva 156/221/2021	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: (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	Deva Court	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
20	Plaintiff: ELSA Defendant: UAT Chisineu Cris 2143/210/2020	applicant ELSA over these land areas. 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 Chişineu Criş, str. Înfrăţirii 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 Chişineu Criş, str. Înfrăţirii 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 Consolidated 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

SOCIETATEA ENERGETICA ELECTRICA S.A.**CONDENSED CONSOLIDATED 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 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
ASSETS			
Non-current assets			
Intangible assets related to concession arrangements		5,415,284	5,455,185
Other intangible assets		6,194	7,213
Property, plant and equipment		501,985	508,130
Deferred tax assets		21,575	19,666
Other non-current assets		1,557	1,173
Right of use assets		25,189	27,091
Total non-current assets		5,971,784	6,018,458
Current assets			
Trade receivables	12	1,158,226	1,029,775
Other receivables		31,312	32,460
Cash and cash equivalents		316,578	570,929
Restricted cash		320,000	320,000
Inventories		72,026	70,066
Prepayments		10,062	2,817
Current income tax receivable		1,622	1,837
Assets held for sale		15,069	15,476
Total current assets		1,924,895	2,043,360
Total assets		7,896,679	8,061,818
EQUITY AND LIABILITIES			
Equity			
Share capital		3,464,436	3,464,436
Share premium		103,049	103,049
Treasury shares reserve		(75,372)	(75,372)
Pre-paid capital contributions in kind from shareholders		7	7
Revaluation reserve		108,419	116,372
Legal reserves		392,276	392,276
Retained earnings		1,591,184	1,759,506
Total equity attributable to the owners of the Company		5,583,999	5,760,274
Total equity		5,583,999	5,760,274

(Continued on page 2)

SOCIETATEA ENERGETICA ELECTRICA S.A.
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

(All amounts are in THOUSAND RON, if not otherwise stated)

	Note	30 June 2021 (reviewed)	31 December 2020 (audited)
Liabilities			
Non-current liabilities			
Lease liability – long term		13,786	16,875
Deferred tax liabilities		187,749	177,787
Employee benefits		155,695	143,876
Other payables	14	32,737	33,873
Long-term bank borrowings	15	472,303	400,296
Total non-current liabilities		862,270	772,707
Current liabilities			
Lease liability – short term		11,995	10,747
Bank overdrafts	13	88,975	164,966
Trade payables		531,261	607,195
Other payables	14	286,242	240,946
Deferred revenue		6,239	5,629
Employee benefits		82,078	92,292
Provisions	16	28,868	19,238
Current income tax liability		9,363	9,211
Current portion of long-term bank borrowings	15	405,389	378,613
Total current liabilities		1,450,410	1,528,837
Total liabilities		2,312,680	2,301,544
Total equity and liabilities		7,896,679	8,061,818

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

Chief Executive Officer
Georgeta Corina Popescu

Chief Financial Officer
Mihai Darie

17 August 2021

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

	Note	Six month period ended	
		30 June 2021 (reviewed)	30 June 2020 (reviewed)
Revenue	6	3,260,073	3,199,985
Other income	7	78,546	72,561
Electricity and natural gas purchased	8	(2,166,550)	(1,812,133)
Construction costs related to concession agreements		(176,919)	(360,098)
Employee benefits		(390,060)	(376,015)
Repairs, maintenance and materials		(42,451)	(47,839)
Depreciation and amortization		(242,075)	(247,201)
Impairment for trade and other receivables, net	12	(39,763)	(27,791)
Other operating expenses		(165,775)	(164,202)
Operating profit		115,026	237,267
Finance income		2,107	6,111
Finance costs		(13,787)	(13,623)
Net finance cost		(11,680)	(7,512)
Profit before tax		103,346	229,755
Income tax expense	11	(27,276)	(40,229)
Profit for the period		76,070	189,526
Profit for the period attributable to:			
- owners of the Company		76,070	189,526
Profit for the period		76,070	189,526
Earnings per share			
Basic and diluted earnings per share (RON)	9	0.22	0.56

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

Chief Executive Officer
 Georgeta Corina Popescu

Chief Financial Officer
 Mihai Darie

17 August 2021

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

	Three month period ended	
	30 June 2021	30 June 2020
	(unaudited and not reviewed)	(unaudited and not reviewed)
Revenue	1,563,850	1,542,281
Other income	45,450	35,458
Electricity and natural gas purchased	(1,026,914)	(774,897)
Construction costs related to concession agreements	(90,008)	(231,796)
Employee benefits	(203,616)	(199,067)
Repairs, maintenance and materials	(22,934)	(25,467)
Depreciation and amortization	(120,447)	(123,329)
Impairment for trade and other receivables, net	(34,488)	(9,480)
Other operating expenses	(73,597)	(76,431)
Operating profit	37,296	137,272
Finance income	100	2,408
Finance costs	(7,687)	(7,689)
Net finance cost	(7,587)	(5,281)
Profit before tax	29,709	131,991
Income tax expense	(11,520)	(22,551)
Profit for the period	18,189	109,440
Profit for the period attributable to:		
- owners of the Company	18,189	109,440
Profit for the period	18,189	109,440
Earnings per share		
Basic and diluted earnings per share (RON)	0.05	0.32

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

Chief Executive Officer
 Georgeta Corina Popescu

Chief Financial Officer
 Mihai Darie

17 August 2021

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

	Six month period ended	
	30 June 2021	30 June 2020
	(reviewed)	(reviewed)
Profit for the period	76,070	189,526
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of the defined benefit liability	(5,180)	(751)
Tax related to re-measurements of the defined benefit liability	709	18
Other comprehensive income, net of tax	(4,471)	(733)
Total comprehensive income	71,599	188,793
Total comprehensive income attributable to:		
- owners of the Company	71,599	188,793
Total comprehensive income	71,599	188,793

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

Chief Executive Officer
 Georgeta Corina Popescu

Chief Financial Officer
 Mihai Darie

17 August 2021

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

	Three month period ended	
	30 June 2021	30 June 2020
	(unaudited and not reviewed)	(unaudited and not reviewed)
Profit for the period	18,189	109,440
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Re-measurements of the defined benefit liability	(5,180)	(751)
Tax related to re-measurements of the defined benefit liability	709	18
Other comprehensive income, net of tax	(4,471)	(733)
Total comprehensive income	13,718	108,707
Total comprehensive income attributable to:		
- owners of the Company	13,718	108,707
Total comprehensive income	13,718	108,707

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

Chief Executive Officer
 Georgeta Corina Popescu

Chief Financial Officer
 Mihai Darie

17 August 2021

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

	Attributable to the owners of the Company							
	Share capital	Share premium	Treasury shares reserve	Pre-paid capital contributions in kind from shareholders	Revaluation reserve	Legal reserves	Retained earnings	Total equity
Balance at 1 January 2021 (audited)	3,464,436	103,049	(75,372)	7	116,372	392,276	1,759,506	5,760,274
Comprehensive income								
Profit for the period (reviewed)	-	-	-	-	-	-	76,070	76,070
Other comprehensive income							(4,471)	(4,471)
Total comprehensive income (reviewed)	-	-	-	-	-	-	71,599	71,599
Transactions with owners of the Company (reviewed)								
Contributions and distributions								
Dividends to the owners of the Company	-	-	-	-	-		(247,874)	(247,874)
Total transactions with the owners of the Company (reviewed)	-	-	-	-	-		(247,874)	(247,874)
Other changes in equity (reviewed)								
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(7,953)	-	7,953	-
Balance at 30 June 2021 (reviewed)	3,464,436	103,049	(75,372)	7	108,419	392,276	1,591,184	5,583,999

(Continued on page 8)

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

	Attributable to the owners of the Company							
	Share capital	Share premium	Treasury shares reserve	Pre-paid capital contributions in kind from shareholders	Revaluation reserve	Legal reserves	Retained earnings	Total equity
Balance at 1 January 2020 (audited)	3,464,436	103,049	(75,372)	7	87,665	371,833	1,637,909	5,589,527
Comprehensive income								
Profit for the period (reviewed)	-	-	-	-	-	-	189,526	189,526
Other comprehensive income							(733)	(733)
Total comprehensive income (reviewed)	-	-	-	-	-	-	188,793	188,793
Transactions with owners of the company (reviewed)								
Contributions and distributions								
Dividends to the owners of the Company	-	-	-	-	-	-	(246,108)	(246,108)
Total transactions with the owners of the Company (reviewed)	-	-	-	-	-	-	(246,108)	(246,108)
Other changes in equity (reviewed)								
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(7,976)	-	7,976	-
Balance at 30 June 2020 (reviewed)	3,464,436	103,049	(75,372)	7	79,689	371,833	1,588,570	5,532,212

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

Chief Executive Officer
 Georgeta Corina Popescu

Chief Financial Officer
 Mihai Darie

17 August 2021

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

	Note	Six month period ended	
		30 June 2021 (reviewed)	30 June 2020 (reviewed)
Cash flows from operating activities			
Profit for the period		76,070	189,526
Adjustments for:			
Depreciation		10,040	17,882
Amortisation		232,035	229,319
(Reversal of impairment)/Impairment of property, plant and equipment and intangible assets, net		(137)	1,043
(Gain)/Loss on disposal of property, plant and equipment and intangible assets		(118)	164
Impairment of trade and other receivables, net	12	39,763	27,791
Impairment of assets held for sale		181	83
Change in provisions, net	16	9,630	(1,674)
Net finance cost		11,680	7,512
Corporate income tax expense	11	27,276	40,229
		406,420	511,875
Changes in:			
Trade receivables	12	(173,301)	(20,133)
Other receivables		(930)	(2,955)
Prepayments		(7,245)	(6,235)
Inventories		(1,960)	6,591
Trade payables		(13,789)	(115,643)
Other payables		43,405	4,218
Employee benefits		(3,575)	4,522
Deferred revenue		610	(386)
Cash generated from operating activities		249,635	381,854
Interest paid		(10,976)	(9,512)
Income tax paid		(18,363)	(24,176)
Net cash from operating activities		220,296	348,166

(Continued on page 10)

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

		Six month period ended	
	Note	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(5,734)	(3,576)
Payments for network construction related to concession agreements		(238,015)	(335,205)
Payments for purchase of other intangible assets		(1,168)	(342)
Proceeds from sale of property, plant and equipment		864	2,072
Proceeds from deposits with maturity of 3 months or longer		-	66,471
Interest received		1,399	5,891
Net cash used in investing activities		(242,654)	(264,689)
Cash flows from financing activities			
Proceeds from long-term bank borrowings	15	122,896	180,725
Repayment of long-term bank borrowings	15	(24,129)	-
Payment of lease liabilities		(7,958)	(17,895)
Dividends paid		(246,811)	(244,941)
Net cash used in financing activities		(156,002)	(82,111)
Net (decrease)/increase in cash and cash equivalents		(178,360)	1,366
Cash and cash equivalents at 1 January		405,963	256,882
Cash and cash equivalents at 30 June	13	227,603	258,248

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

The non-cash transactions are disclosed in Note 13.

Chief Executive Officer

Georgeta Corina Popescu

Chief Financial Officer

Mihai Darie

17 August 2021

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

1 Reporting entity and general information

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

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 registration 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, the Company's subsidiaries are the following:

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%
Electrica Energie Verde 1 SRL* ("EEV1" – former Long Bridge Milenium SRL)	Electricity generation	19157481	Bucuresti	100%*	100%*

**indirect shareholding - Electrica Energie Verde 1 SRL is 100% owned by the subsidiary Electrica Furnizare S.A.*

Changes in Group structure during 2020

Merger of the three distribution companies within the Group

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

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

Merger of the two energy services companies within the Group

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

SOCIETATEA ENERGETICA ELECTRICA S.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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(All amounts are in THOUSAND RON, if not otherwise stated)

Thus, starting with 1 December 2020, the merger between the aforementioned companies was finalised and the Group's 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.

Both mergers that took place within the Group during 2020 consist only in reorganization of the subsidiaries and have no impact on the consolidated financial statements, Electrica SA remaining the parent company with the same % of ownership.

Acquisition of a photovoltaic park

On 23 June 2020, Electrica Furnizare S.A. signed a sale purchase agreement for the acquisition of 100% of the share capital of Long Bridge Milenium SRL, a company that owns a photovoltaic park located in Stanesti, Giurgiu County, with an installed capacity of MW 7.5 (operational power limited at MW 6.8). The photovoltaic park was built between October 2012 and January 2013 and has been delivering electricity into the national grid since February 2013.

Closing of the transaction and the transfer of shares' ownership to Electrica Furnizare S.A. took place on 31 August 2020.

On 24 November 2020, the company Long Bridge Milenium SRL changed its name to Electrica Energie Verde 1 SRL.

Group's main activities

The main activities of the Group include operation and construction of electricity distribution networks and electricity and natural gas supply to final consumers as well as energy production from renewable sources. The Group is the electricity distribution operator and the main electricity supplier in Muntenia Nord area (Prahova, Buzau, Dambovita, Braila, Galati and Vrancea counties), Transilvania Nord area (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita-Nasaud counties) and Transilvania Sud area (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties), operating with transformation station and 0.4 kV to 110 kV power lines.

The distribution tariffs approved by the National Authority for Energy Regulation ("ANRE") are as follows (RON/MWh, presented cumulatively for medium and low voltage levels):

Order 228,229,227/16.12.2019			
1 January-15 January 2020			
	High voltage	Medium voltage	Low voltage
SDEE Transilvania Nord S.A.	19.11	65.48	171.98
SDEE Transilvania Sud S.A.	20.69	62.49	169.01
SDEE Muntenia Nord S.A.	16.97	54.09	180.15
Order 8,9,7/15.01.2020			
Starting with 16 January 2020 – 31 December 2020			
	High voltage	Medium voltage	Low voltage
SDEE Transilvania Nord S.A.	18.77	64.31	168.91
SDEE Transilvania Sud S.A.	20.31	61.34	165.90
SDEE Muntenia Nord S.A.	16.68	53.16	177.06
Order 221,222,220/09.12.2020			
Starting with 1 January 2021			
	High voltage	Medium voltage	Low voltage
Transilvania Nord Area	19.23	66.35	173.93
Transilvania Sud Area	22.23	67.47	178.78
Muntenia Nord Area	18.72	56.87	184.75

SOCIETATEA ENERGETICA ELECTRICA S.A.
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(All amounts are in THOUSAND RON, if not otherwise stated)

ANRE Order no. 75/2020 for establishing the regulated rate of return for the electricity and natural gas distribution and transport tariffs until the end of the fourth regulatory period entered into force on 13 May 2020.

Thus, for the year 2020, the regulated rate of return is as follow:

- For the period 1 January 2020 – 29 April 2020: 6.9%;
- For the period 30 April 2020 – 12 May 2020: 5.66% plus an incentive of 1% for new investments made in the electricity distribution network;
- For the period 13 May 2020 – 31 December 2020: 6.39% plus an incentive of 1% for new investments made in the electricity distribution network;

The Methodology for establishing the distribution tariffs approved by ANRE Order no. 169/2018 was modified by ANRE Orders no. 207/2020 and no. 3/2021 as follows:

- granting a 2% RRR incentive for investments in the electricity distribution network financed from own funds in projects in which European non-reimbursable funds are also attracted, if the investments are performed and put into function by operators after 1 February 2021;
- in cases where, for certain categories of tangible/intangible assets, the regulated legislation establishes other regulated useful lives than those provided by the Methodology or in the Catalogue on the classification and normal operating useful lives of fixed assets, approved by Government decision, the annual regulated depreciation of those assets is calculated on the basis of the regulated useful lives established by the primary legislation.

Starting with 16 March 2021, it was approved, by ANRE Order no. 17/2021, the Connection to the Electrical Distribution Network Procedure regarding the connection of the consumption places belonging to the non-household final consumers through connection installations with lengths up to 2,500 meters and household consumers, through which the distribution operators have the obligation to finance and carry out the design and execution works of the connection installation for household consumers with lengths up to 2,500 meters. By referring to the Connection to the Electrical Distribution Network Procedure, ANRE approved the ANRE Order no. 19/20.01.2021, in force on 19 March 2021, by which it modified the Investment Procedure approved by the ANRE Order no. 204/2019 and established the obligation of distribution operators, to carry out the connection works to the final consumers, in addition to the annual investment plan.

Starting with 28 June 2021, ANRE approved the Order no. 53/2021, regarding the changes made in the Methodology for the financing evaluation conditions for the investments in the extension of the electricity distribution networks approved by ANRE Order no. 36/2019. Specifications were made regarding the value of the quota returned to the public authority/user/ group of users, in case they decide to fully finance the investment, by establishing the quota based on the minimum between the value of works according to the distribution operators offer and the value of works specified in the put into function report.

COVID-19 impact

Based on the publicly available information and considering the actions already implemented by the Group, the Group does not anticipate a material negative financial impact of the COVID-19 outbreak on its operations and no significant threat over the Group's ability to continue as a going concern over a period covering at least 12 months from the date of these interim consolidated 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 Group cannot preclude the possibility of further lock downs or an escalation in the severity of current measures.

Where it was possible to determine the financial impact based on professional judgment made by management, this has been recognized in the consolidated statement of profit or loss for the six month period ended 30 June 2021 (see Note 12 for bad debt allowances).

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

2 Basis of accounting

These condensed consolidated 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 consolidated 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 Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2020.

These condensed consolidated interim financial statements have been prepared for submission to the Bucharest Stock Exchange. These condensed consolidated interim financial statements were authorized for issue by the Board of Directors on 17 August 2021.

Judgements and estimates

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

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

3 Basis of measurement

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

4 Significant accounting policies

The accounting policies applied in these interim financial statements are the same as those applied in the Group's annual consolidated 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 Group's condensed consolidated interim financial statements.

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

5 Operating segments

(a) Basis for segmentation

The following summary describes the operations of each reportable segment:

Reportable segments	Operations
Electricity and natural gas supply	Buying and supplying electricity and natural gas to final consumers (includes Electrica Furnizare S.A.)
Electricity distribution	<p>Until 31 December 2020, the electricity distribution service included the former 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. (that covers the all three distribution areas: Transilvania Sud, Transilvania Nord and Muntenia Nord), Electrica Serv S.A. and the activity performed by Societatea Energetica Electrica S.A. within the distribution network until June 2020.</p> <p>Starting with 2021, the electricity distribution service includes the activity of Societatea de Distributie Energie Electrica Romania S.A. and the activity performed by Electrica Serv S.A within the distribution network.</p>
Electricity generation	Production of electricity from renewable sources (photovoltaic panels) (includes Electrica Energie Verde 1 SRL)
External electricity network maintenance	<p>Repairs, maintenance and other services for electricity networks owned by other distributors. Until 31 December 2020, included the activity of Servicii Energetice Muntenia S.A. (until 30 November 2020) and a part of Electrica Serv S.A..</p> <p>Starting with 2021, includes the activity of Electrica Serv S.A., without the activity performed in the distribution network.</p>
Headquarter	Includes corporate activities at parent company level

The Board of Directors of the Company reviews management reports of each segment. Segment earnings before interest, tax, depreciation and amortisation ("EBITDA") is used to measure performance because management believes that such information is one of the most relevant in evaluating the results of the segments.

There are varying levels of integration between the Electricity supply, Electricity distribution and External electricity network maintenance segments. This integration includes electricity distribution and shared electricity network maintenance services. Inter-segment pricing policy is determined on an arm's length basis.

SOCIETATEA ENERGETICA ELECTRICA S.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

(All amounts are in THOUSAND RON, if not otherwise stated)

(b) Information about reportable segments

Six month period ended 30 June 2021 (reviewed)	Electricity and natural gas supply	Electricity distribution	Electricity generation	External electricity network maintenance	Headquarter	Total for reportable segments	Consolidation eliminations and adjustments	Consolidated total
External revenues	2,631,788	607,360	2,021	18,904	-	3,260,073	-	3,260,073
Inter-segment revenue	15,910	673,222	-	10,406	-	699,538	(699,538)	-
Segment revenue	2,647,698	1,280,582	2,021	29,310	-	3,959,611	(699,538)	3,260,073
Segment profit/(loss) before tax	22,476	103,938	(542)	(17,772)	326,496	434,596	(331,250)	103,346
Net finance income/(cost)	2,404	(34,596)	(400)	508	351,654	319,570	(331,250)	(11,680)
Amortization and depreciation	(6,718)	(228,132)	(1,144)	(4,908)	(1,173)	(242,075)	-	(242,075)
Reversal of impairment of property, plant and equipment, net	-	-	-	137	-	137	-	137
Impairment of assets held for sale	-	-	-	(181)	-	(181)	-	(181)
Adjusted EBITDA*	26,790	366,666	1,002	(13,328)	(23,985)	357,145	-	357,145
(Impairment)/Reversal of impairment of trade and other receivables, net	(13,144)	(26,786)	-	96	71	(39,763)	-	(39,763)
Segment profit/(loss) after tax	17,883	78,894	(457)	(15,494)	326,494	407,320	(331,250)	76,070
Employee benefits	(50,085)	(297,545)	(15)	(25,520)	(16,895)	(390,060)	-	(390,060)
Capital expenditure	3,751	182,226	5	560	993	187,535	-	187,535
Six month period ended 30 June 2020 (reviewed)								
External revenues	2,435,404	747,900	-	16,681	-	3,199,985	-	3,199,985
Inter-segment revenue	20,177	626,193	-	92	-	646,462	(646,462)	-
Segment revenue	2,455,581	1,374,093	-	16,773	-	3,846,447	(646,462)	3,199,985
Segment profit/(loss) before tax	219,396	23,300	-	(1,919)	203,948	444,725	(214,970)	229,755
Net finance income/(cost)	2,264	(32,694)	-	(125)	238,013	207,458	(214,970)	(7,512)
Amortization and depreciation	(6,345)	(230,616)	-	(548)	(9,692)	(247,201)	-	(247,201)
Reversal of impairment /(Impairment) of property, plant and equipment and intangible assets, net	-	860	-	-	(1,903)	(1,043)	-	(1,043)
Impairment of assets held for sale	-	(83)	-	-	-	(83)	-	(83)
Adjusted EBITDA*	223,477	285,833	-	(1,246)	(22,470)	485,594	-	485,594
(Impairment)/Reversal of impairment of trade and other receivables, net	(25,254)	(2,549)	-	12	-	(27,791)	-	(27,791)
Segment profit/(loss) after tax	185,707	14,730	-	115	203,944	404,496	(214,970)	189,526
Employee benefits	(60,173)	(292,886)	-	(8,281)	(14,675)	(376,015)	-	(376,015)
Capital expenditure	1,194	274,743	-	149	970	277,056	-	277,056

SOCIETATEA ENERGETICA ELECTRICA S.A.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2021

(All amounts are in THOUSAND RON, if not otherwise stated)

At 30 June 2021 (reviewed)	Electricity and natural gas supply	Electricity distribution	Electricity generation	External electricity network maintenance	Headquarter	Total for reportable segments	Consolidation eliminations and adjustments	Consolidated total
Segment assets	1,201,517	7,163,572	40,859	430,983	894,974	9,731,905	(1,835,226)	7,896,679
Trade and other receivables	1,016,186	472,676	222	81,802	397,221	1,968,107	(778,569)	1,189,538
Cash and cash equivalents	61,760	165,786	2,040	5,089	81,903	316,578	-	316,578
Restricted cash (short term)	-	-	-	-	320,000	320,000	-	320,000
Trade and other payables and short term employee benefits	1,027,857	519,585	26,236	26,773	87,966	1,688,417	(756,099)	932,318
Bank overdrafts	-	88,975	-	-	-	88,975	-	88,975
Lease liability	3,826	18,343	-	2,620	992	25,781	-	25,781
Bank borrowings	-	877,692	-	-	-	877,692	-	877,692
At 31 December 2020 (audited)								
Segment assets	1,203,027	7,531,380	44,658	98,432	768,206	9,645,703	(1,583,885)	8,061,818
Trade and other receivables	893,180	529,842	109	7,797	165,323	1,596,251	(534,016)	1,062,235
Cash and cash equivalents	185,423	185,498	4,808	1,715	193,485	570,929	-	570,929
Restricted cash (short term)	-	-	-	-	320,000	320,000	-	320,000
Trade and other payables and short term employee benefits	821,440	625,335	27,786	3,579	11,615	1,489,755	(515,449)	974,306
Bank overdrafts	-	164,966	-	-	-	164,966	-	164,966
Lease liability	2,782	23,032	-	354	1,454	27,622	-	27,622
Bank borrowings	-	778,909	-	-	-	778,909	-	778,909

**Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation or namely EBITDA) for operating segments is defined and calculated as segment profit/(loss) before tax of a given operating segment adjusted for i) depreciation, amortization and impairment/reversal of impairment of property, plant and equipment and intangible assets in the operating segment, ii) impairment of assets held for sale and iii) net finance income in the operating segment. EBITDA is not an IFRS measure and should not be treated as an alternative to IFRS measures. Moreover, EBITDA is not uniformly defined. The method used to calculate EBITDA by other companies may differ significantly from that used by the Group. As a consequence, the EBITDA presented in this note cannot, as such, be relied upon for the purpose of comparison to EBITDA of other companies.*

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

(c) Reconciliation of information on reportable segments to consolidated amounts

	30 June 2021 (reviewed)	31 December 2020 (audited)
Total assets		
Total assets for reportable segments	9,731,905	9,645,703
Elimination of inter-segment assets	(1,856,801)	(1,603,551)
Unallocated amounts	21,575	19,666
Consolidated total assets	7,896,679	8,061,818
Trade and other receivables		
Trade and other receivables for reportable segments	1,968,107	1,596,251
Elimination of inter-segment trade and other receivables	(778,569)	(534,016)
Consolidated trade and other receivables	1,189,538	1,062,235
Trade and other payables and short term employee benefits		
Trade and other payables and short term employee benefits for reportable segments	1,688,417	1,489,755
Elimination of inter-segment trade and other payables and short term employee benefits	(756,099)	(515,449)
Consolidated trade and other payables and short term employee benefits	932,318	974,306

6 Revenue

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Electricity distribution and supply	3,024,076	2,768,348
Supply of natural gas	27,023	24,237
Construction revenue related to concession agreements	182,226	370,900
Repairs, maintenance and other services rendered	25,899	29,922
Proceeds from sale of green certificates from own production of energy	480	-
Sales of merchandise	239	4,159
Re-connection fees	130	2,419
Total	3,260,073	3,199,985

In respect to the timing of the revenue recognition, most of the Group's services provided are transferred to the customer over time; thus, revenues amounting to RON 1,010 thousand (six month period ended 30 June 2020: RON 1,039 thousand) were transferred at a point in time.

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7 Other income

	Six month period ended	
	30 June 2021	30 June 2020
	(reviewed)	(reviewed)
Rental income	50,859	47,012
Late payment penalties from customers	7,908	9,340
Revenues from notices	2,500	3,295
Other	17,279	12,914
Total	78,546	72,561

8 Electricity and natural gas purchased

	Six month period ended	
	30 June 2021	30 June 2020
	(reviewed)	(reviewed)
Electricity purchased	1,853,503	1,508,445
Green certificates purchased	287,949	277,188
Natural gas purchased	25,098	26,500
Total	2,166,550	1,812,133

9 Earnings per share

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

Profit for the period attributable to Company's shareholders

	Six month period ended	
	30 June 2021	30 June 2020
	(reviewed)	(reviewed)
Profit for the period attributable to the owners of the Company	76,060	189,526
Profit for the period attributable to Company's shareholders	76,060	189,526

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 (reviewed) 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	30 June 2020
	(reviewed)	(reviewed)
Basic and diluted earnings per share (RON)	0.22	0.56

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10 Dividends

On 28 April 2021 the General Shareholders Meeting of the Company approved dividend distribution of RON 247,874 thousand (2020: RON 246,108 thousand). The dividend per share distributed is RON 0.73 per share (2020: RON 0.7248 per share).

11 Income tax

	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Current period tax expense	18,514	38,571
Deferred tax expense	8,762	1,658
Total expense related to income tax	27,276	40,229

12 Trade receivables

	30 June 2021 (reviewed)	31 December 2020 (audited)
Trade receivables, gross	2,147,289	1,979,348
Bad debt allowance	(989,063)	(949,573)
Total trade receivables, net	1,158,226	1,029,775

Receivables from related parties are disclosed in Note 18.

The reconciliation between the opening balances and the closing balances of the impairment for trade receivables in the form of lifetime expected credit losses is as follows:

Lifetime expected credit losses	Six month period ended	
	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Balance as at 1 January (audited)	949,573	1,022,140
Loss allowance recognized	47,072	37,745
Decrease in loss allowance	(7,309)	(9,954)
Amounts written off	(273)	(612)
Balance as at 30 June (reviewed)	989,063	1,049,319

Bad debt allowances are determined according to IFRS 9 "Financial instruments" based on "expected credit loss" model. In applying IFRS 9, the Group has identified 5 clusters of customers based on shared risk characteristics: 3 separate clusters for the distribution subsidiaries and 2 clusters (households and non-households) for the supply subsidiary.

A significant part of the bad debt allowances refers to clients in litigation, insolvency or bankruptcy procedures, many of them being older than five years. The Group will derecognize these receivables together with the related allowances after the finalization of the bankruptcy process. These receivables were treated separately in computing the allowance according to IFRS 9.

In the light of the impact generated by COVID-19 pandemic, the Group has identified the probability of default, taking into account a number of factors to ensure that the classification to default is done not only based on the historical expected credit loss but also based on circumstances according to which economic losses are likely to occur. IFRS 9 is based on a set of principles that, by nature are not mechanical and require the application of a certain degree of professional judgement.

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In applying IFRS 9 as of 30 June 2021, the Group has considered all the information available without undue costs (including forward looking information) that may affect the credit risk of its receivables since original recognition, thus recording a bad debt allowance in amount of RON 47,072 thousand.

13 Cash and cash equivalents

	30 June 2021 (reviewed)	30 June 2020 (reviewed)
Total cash and cash equivalents in the condensed consolidated statement of financial position	316,578	437,265
Overdrafts used for cash management purposes	(88,975)	(179,017)
Total cash and cash equivalents in the condensed consolidated statement of cash flows	227,603	258,248
Restricted cash - long term	-	320,000
Restricted cash - short term	320,000	-

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 former 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., the actual Distributie Energie Electrica Romania S.A., in amount of RON 320,000 thousand (30 June 2020: RON 320,000 thousand). As the long term borrowings are repayable on 16 October 2021 (see also Note 15), the amount of the collateral deposits as at 30 June 2021 of RON 320,000 thousand is presented in the consolidated statement of financial position as short-term restricted cash.

The Group has overdrafts from various banks (ING Bank N.V., Banca Comerciala Romana, Banca Transilvania, BNP Paribas and Intesa Sanpaolo Bank) with a total overdraft limit of up to RON 635,000 thousand and maturities ranging from December 2021 to June 2022. The overdraft facilities are used for financing the current activity. The outstanding balance of the overdraft facilities used as at 30 June 2021 is of RON 88,975 thousand (30 June 2020: RON 179,017 thousand).

The following information is relevant in the context of the statement of cash-flows. Non-cash activity includes:

- set-off between trade receivables and trade payables of RON 5,087 thousand during the six month period ended 30 June 2021 (six month period ended 30 June 2020: RON 4,104 thousand).

14 Other payables

	30 June 2021 (reviewed)		31 December 2020 (audited)	
	Current	Non-current	Current	Non-current
VAT payable	171,768	-	128,450	-
Liabilities towards the State	7,530	-	6,820	-
Other liabilities	106,944	32,737	105,676	33,873
Total	286,242	32,737	240,946	33,873

Other liabilities include mainly guarantees, sundry creditors, connection fees, habitat tax and cogeneration contribution. Other non-current liabilities refer to guarantees from customers related to electricity supply.

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15 Long-term bank borrowings

Drawings and repayments of borrowings during the six month period ended 30 June 2021 were as follows:

	Currency	Interest rate	Maturity year	Amount
Balance at 1 January 2021 (audited)				778,909
Drawings during the period , out of which:				
BCR	RON	ROBOR 3M + 1%	2028	52,684
BRD	RON	3.85%	2028	30,472
BRD	RON	3.85%	2028	39,740
Total drawings				122,896
Accumulated interest				811
Payment of interest				(795)
Reimbursements , out of which:				
Banca Transilvania	RON	4.59%	2027	(8,929)
BRD	RON	3.99%	2026	(10,400)
UniCredit Bank	RON	3.85%	2026	(4,800)
Total reimbursements				(24,129)
Balance at 30 June 2021 (reviewed)				877,692

As at 30 June 2021, respectively 31 December 2020, the long term bank borrowings are as follows:

Lender	Borrower	Balance at 30 June 2021 (reviewed)	Balance at 31 December 2020 (audited)
BRD	Distributie Energie Electrica Romania (former SDEE Muntenia Nord S.A.)	80,001	80,000
BRD	Distributie Energie Electrica Romania (former SDEE Transilvania Nord S.A.)	114,000	114,000
BRD	Distributie Energie Electrica Romania (former SDEE Transilvania Sud S.A.)	126,002	126,000
Banca Transilvania	Distributie Energie Electrica Romania (former SDEE Transilvania Sud S.A.)	107,157	116,086
UniCredit Bank	Distributie Energie Electrica Romania (former SDEE Transilvania Nord S.A.)	53,330	58,201
BRD	Distributie Energie Electrica Romania (former SDEE Muntenia Nord S.A.)	114,400	124,800
BRD	Distributie Energie Electrica Romania (former SDEE Transilvania Nord S.A.)	100,000	69,584
BRD	Distributie Energie Electrica Romania (former SDEE Transilvania Sud S.A.)	80,051	40,289
BCR	Distributie Energie Electrica Romania (former SDEE Muntenia Nord S.A.)	102,751	49,949
Total		877,692	778,909
Less: current portion of the long-term bank borrowings		(404,578)	(377,818)
Less: accumulated interest		(811)	(795)
Total long term borrowings, net of current portion		472,303	400,296

All financial covenants specified in the long-term borrowing contracts have been fulfilled as at 30 June 2021, respectively as at 31 December 2020.

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16 Provisions

	Fiscal	Other	Provisions
Balance at 1 January 2021 (audited)	1,200	18,038	19,238
Provisions recognised	-	11,733	11,733
Provisions utilised	-	(609)	(609)
Provisions reversed	(116)	(1,378)	(1,494)
Balance at 30 June 2021 (reviewed)	1,084	27,784	28,868

As at 30 June 2021, provisions refer mainly to benefits upon the termination of executive directors' mandate contracts in the form of a non-compete clause amounting to RON 5,136 thousand (31 December 2020: RON 6,139 thousand) and for various claims and litigations involving the Group companies in the total amount of RON 23,732 thousand (31 December 2020: RON 13,099 thousand).

During the six month period ended 30 June 2021, the Group set up a provision in connection with the supply subsidiary obligations in amount of RON 6,993 thousand representing compensations arising from the application of the Performance Standard for the electricity supply activity stipulated in the ANRE Order 6/2017, and of the Regulation for the supply of electricity to final customers, approved by ANRE Order no. 235/2019 as a result of the total liberalization process of the market which began on 1 January 2021.

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

(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 Group 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).

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18 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 (reviewed)
Executive Management compensation	13,596	14,090

Executive management compensation refers to both the managers with mandate contract and those with labour contract, from both the subsidiaries and 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 (reviewed)
Members of the Board of Directors	2,398	1,473

(c) Transactions with companies in which the State has control or significant influence

The Group has transactions with companies in which the State has control or significant influence in the ordinary course of business, related mainly to the acquisition of electricity, transport and system services and sale of electricity. Significant purchases and balances are mainly with energy producers/suppliers, as follows:

Supplier	Purchases (excluding VAT)		Balance (including VAT)	
	Six month period ended 30 June 2021 (reviewed)	Six month period ended 30 June 2020 (reviewed)	30 June 2021 (reviewed)	31 December 2020 (audited)
OPCOM	507,357	130,913	9,886	4,209
Transelectrica	322,976	205,512	90,983	113,059
Nuclearelectrica	257,852	175,593	42,209	61,848
Complexul Energetic Oltenia	195,033	62,135	24,825	37,350
Hidroelectrică	125,926	264,509	23,236	34,471
ANRE	4,858	8,898	222	176
Electrocentrale Bucuresti	-	59,368	-	-
Others	7,613	1,483	2,284	1,779
Total	1,421,615	908,411	193,645	252,892

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The Group also makes sales to other entities in which the State has control or significant influence representing electricity supply, of which the significant transactions are the following:

	Sales (excluding VAT)	Balance, gross (including VAT)	Allowance	Balance, net
Client	Six month period ended 30 June 2021 (reviewed)		30 June 2021 (reviewed)	
OPCOM	32,886	8,733	-	8,733
Transelectrica	17,209	9,139	-	9,139
SNGN Romgaz	11,703	5,058	-	5,058
CN Romarm	7,044	1,807	-	1,807
Consiliul Judetean Galati	5,383	-	-	-
Hidroelectrica	5,062	1,280	(2)	1,278
CFR Electrificare	4,794	525	-	525
Municipiul Galati	4,545	2,302	(20)	2,282
CNAIR	3,768	-	-	-
C.N.C.F CFR	3,763	882	-	882
Transgaz	405	319	-	319
CN Remin	269	71,331	(71,331)	-
ANAR - Adm. Nat. Apele Romane	97	-	-	-
CET Braila	11	3,370	(3,370)	-
Termoelectrica	-	1,215	(1,215)	-
Oltchim	-	565,484	(565,484)	-
C.N.C.A.F. MINVEST	-	26,802	(26,802)	-
Others	9,531	2,142	(384)	1,758
Total	106,470	700,389	(668,608)	31,781

	Sales (excluding VAT)	Balance, gross (including VAT)	Allowance	Balance, net
Client	Six month period ended 30 June 2020 (reviewed)		31 December 2020 (audited)	
C.N.C.F CFR SA	22,570	5,191	-	5,191
SNGN Romgaz SA	12,185	1,246	-	1,246
Transelectrica	11,805	7,841	-	7,841
OPCOM	8,411	3,634	-	3,634
CN Romarm	6,249	641	-	641
Hidroelectrica	6,170	598	-	598
CFR Electrificare	3,887	420	-	420
Transgaz	2,485	12	-	12
CN Remin SA	335	71,215	(71,215)	-
CET Braila	4	3,361	(3,361)	-
Oltchim	-	565,484	(565,484)	-
C.N.C.A.F. MINVEST SA	-	26,802	(26,802)	-
Termoelectrica	-	1,217	(1,217)	-
Others	17,178	3,184	(493)	2,691
Total	91,279	690,846	(668,572)	22,274

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19 Contingencies

Contingent assets

Green certificates related to Electrica Energie Verde 1

With the acquisition of photovoltaic park operated by Electrica Energie Verde 1, the Group took over the balance of green certificates existing at the acquisition date, respectively 31 August 2020.

The photovoltaic park receives a number of six green certificates for each MWh of electricity produced and delivered, out of which for the period 2013-2020, two green certificates were postponed for trading, following to be recovered monthly, in equal tranches, from 1 January 2021 to 31 December 2030.

Green certificates are recognized at the time of the sale, while the existing balance of green certificates at period end is a contingent asset, which is not recognized.

On 30 June 2021, Electrica Energie Verde 1 SRL holds a total of 175,583 green certificates (31 December 2020: 148,581), out of which 132,815 are postponed for trading (31 December 2020: 139,805) and the remaining 42,768 are tradeable green certificates (31 December 2020: 8,776). Starting with January 2021, the recovery of the postponed green certificates began, in equal tranches of 1,165 green certificates on a monthly basis, for ten years. The total value of the green certificates held by Electrica Energie Verde 1 S.R.L. is in amount of RON 24,970 thousand (31 December 2020: RON 21,130 thousand), valued at the weighted average trading price of RON/GC 142.2107, as published by the operator of the green certificate market (OPCOM).

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.

Contingent Liabilities

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 demonstrate inconsistency in interpretation of the law.

Income tax returns may be subject to revision and corrections by tax authorities, generally for a five year period after they are completed.

The Group may incur expenses related to previous years' tax adjustments because of controls and litigations with tax authorities. The management of the Group believes that adequate provisions and liabilities were recorded in the consolidated interim financial statements for all significant tax obligations; however, a risk persists that the tax authorities might have different positions.

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Tax inspection report for SDEE Muntenia Nord S.A. (currently Distributie Energie Electrica Romania S.A.)

The former subsidiary SDEE Muntenia Nord S.A. (currently Distributie Energie Electrica Romania S.A.) was subject to a tax audit performed by the Local Taxes Department of Galati City Hall that referred to the building taxes paid for the period 2012-2016. The tax audit was finalized in December 2019, when the fiscal inspection report was communicated to the subsidiary. The fiscal report established additional payment obligations for the subsidiary representing building tax for the period 01.01.2012-31.12.2015 in the total amount of RON 24,831 thousand, of which principal in amount of RON 12,051 thousand and related late penalties computed as of October 2019, in amount of RON 12,780 thousand. Legal actions were started, in order to challenge the fiscal inspection report.

The Group recognised an expense in amount of RON 12,051 thousand during the year ended 31 December 2019 in accordance with IFRIC 23 "*Uncertainty over Income Tax Treatments*".

Tax inspection report for Electrica Serv S.A.

In May 2017, a tax inspection at Electrica Serv S.A. was finalized and the tax authorities concluded that additional tax obligations of RON 12,281 thousand should be paid by the subsidiary. This amount represents VAT (including related interest and penalties) that was considered tax deductible in the period 2012-2013 by the subsidiary in relation with certain invoices issued by a lease supplier who was inactive at that time. The company appealed in Court the measures imposed by the tax authorities. On 3 July 2019, the Bucharest Court of Appeal partially admitted the appeal through the partial annulment of the fiscal decision in amount of RON 7,264 thousand representing the VAT and the related interest and penalties, unlawfully retained as non-deductible. Against this solution, both NAFA and Electrica Serv SA filed an appeal, registered at the High Court of Cassation and Justice, with the trial date of 6 October 2022.

As at 30 June 2021 and 31 December 2020, the Group recognised a receivable from the fiscal authorities in amount of RON 12,281 thousand, without a related bad debt allowance, taking into account that management's best estimate is that Electrica Serv S.A. shall be able to obtain a favourable final Court decision in this case.

Other litigations and claims

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

As summarised in Note 16, the Group 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 Group 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 Group discloses if the case information on the most significant items of litigations or claims for which the Group 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 Group (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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20 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, the Group 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

17 August 2021

REPORT ON REVIEW OF CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

To the shareholders,
Societatea Energetica Electrica S.A.

Introduction

1. We have reviewed the accompanying condensed consolidated financial statements of Societatea Energetica Electrica S.A. (the "Company") and its subsidiaries (together "the Group") as at June 30, 2021, which comprise the condensed consolidated statement of financial position as at June 30, 2021, and the condensed consolidated statement of profit and loss, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory information ("the condensed consolidated interim financial statements"). Management is responsible for the preparation and fair presentation of these condensed consolidated 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 consolidated 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 consolidated 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 consolidated interim financial statements does not present fairly, in all material respects the condensed consolidated financial position of the Group as at June 30, 2021, and of its condensed consolidated financial performance and its condensed consolidated 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 consolidated statements of profit or loss and condensed consolidated statement of comprehensive income for the three months period ended June 30, 2021 and June 30, 2020 and accordingly, we do not express an opinion nor a conclusion on them.
5. This report is made solely to the Group's shareholders, as a body. Our review work has been undertaken so that we might state to the Group'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 Group and the Group'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

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Bucharest, Romania
August 17, 2021