

## Executive summary – H1 2022

### Evolution of the main indicators in the first semester of 2022:

- **EBITDA** – positive in the amount of RON 101 mn., a decrease of RON 256 mn. compared to H1 2021
- **Net result** – loss of RON 176 mn., down with RON 252 mn. versus H1 2021
- **The volume of distributed electricity** decreased by 2.3%
- **The volume of electricity supplied on the retail market** decreased by 10%
- The values are not influenced by the revenues subsequently recognized in future tariffs in a period of up to 5 years after March 31, 2023 under GEO 27/2022

The main results are presented below and are extracted from the consolidated condensed interim financial statements not reviewed nor audited as of and for the period ended 30 June 2022:

Financial Results*	H1 2022 (RON mn.)	H1 2021 (RON mn.)	Δ RON mn.
Operating income	5,933	3,339	2,595
Operational expenditure	(6,080)	(3,224)	(2,856)
<b>EBITDA</b>	<b>101</b>	<b>357</b>	<b>(256)</b>
Operating profit	(147)	115	(262)
<b>Net profit/loss of the period</b>	<b>(176)</b>	<b>76</b>	<b>(252)</b>

### Statement of Alexandru-Aurelian Chirita, CEO of Electrica S.A.:

"The year 2022 continues to be marked by the series of transformations on the external and internal energy market that started in 2021 and had a significant impact on the operations of all energy players

The financial results of the Electrica Group in H1 2022 show that maintaining the efforts of the companies in the group to implement effective measures specific to each area of activity has led to a financial recovery/a reduction of the previous loss, thus demonstrating that despite the unfavorable market context, it remains a stable player, oriented toward continuous adaptation to the conditions of a market exposed to multiple challenges.

**In the supply area**, the company has identified the best ways to mitigate the negative effects generated by the market instability, managing, in parallel, the impact of the measures provided by GEO 27/2022 on the capping of electricity and natural gas prices. At the same time, Electrica supply continued the process of accelerating the digitalization process, investing in solutions to increase customer satisfaction, meant to optimize, at the same time, the activity at the company level.

The supply company within the Electrica Group has also acted in the direction of developing the B2B customer portfolio, especially in the photovoltaic projects area, registering a significant growth in this segment. In S1 2022, the company offered consultancy and customized solutions to strategic clients at national level, belonging to several types of industries.

**In the distribution area,** DEER continues the ambitious investment program carried out since the beginning of the previous regulatory period, aiming to modernize the network infrastructure and accelerate the expansion of smart metering on a large scale, despite the economic and geopolitical challenges that influence the capacity of equipment needed for investment. The investment program also includes five projects totaling approximately 60 million euro, financed from European funds from the large infrastructure Operational Program, with an eligible value of approximately 49 million euro, oriented toward the modernization of transformation stations, digitalization, implementation of smart meters and specialized hungry systems, intended for the management of network assets as well as measurement groups. The projects are carried out as multi-annual investments, their completion being planned for the end of 2023.

**In the area of services,** Electrica Serv In the service area, Electrica Serv continued the approach to reach the Group's objective of contributing to sustainable development, in the context of the European Green Deal, and implemented a series of projects representing the installation of photovoltaic plants. In H1, 11 photovoltaic power plants with an installed power of almost 3,418 MWp were completed and put into operation, and for the next period we will continue the development of this new business line.

The financial results in H1 2022 demonstrate the Group's above-average performance in difficult market conditions and encourage us to continue our strategic efforts to maintain a top position in the field in which we operate."

The support documents for H1 2022 results are available on the Electrica's website at the following [link](#).

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CEO

Chirita Alexandru-Aurelian



## Disclaimer

This report does not represent a recommendation/ offer/ invitation to contract or buy shares. This report contains information regarding preliminary key-operational indicators of Electrica Group's companies, so this forward-looking information is neither guarantees for future performance nor a forecast for the real data or otherwise, being risky or uncertain. The real results could differ significantly from the data in this report.

Therefore, Electrica undertakes no responsibility/liability for any damages that may occur from using this forward-looking information. The data in this report are selective and may requires updates, revisions and changes in the certain circumstances. Electrica assumes no obligation or commitment to publish any update, revision or modification of any information contained in this report, unless required by the applicable law.

Starting with 17 August 2022, 18:30 (Romanian time), the condensed consolidated interim financial statements as at and for the six-month period ended 30 June 2022 prepared in accordance with the International Accounting Standard 34 – "Interim Financial Reporting", as adopted by the European Union, and the Board of Directors' consolidated report for Q1 2022 will be available, in Romanian and English, in electronic format, on Electrica's website, at [www.electrica.ro](http://www.electrica.ro), in the "Investors > Results and Reports > Financial Results" section, at <https://www.electrica.ro/en/investors/results-and-reports/financial-results/>. The above-mentioned documents could be also available, in hardcopy, at the Company's headquarters in Bucharest, 9 Grigore Alexandrescu Street, District 1, which is open from Monday to Thursday between 08:00- 17:00 (Romanian time), and on Fridays between 08:00-14:30 (Romanian time), excepting the legal holidays.

\*The amounts are rounded to the nearest million



# **2022 HALF YEAR CONSOLIDATED DIRECTORS' REPORT (H1 2022)**

**(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. 67 of the Law no. 24/2017 on issuers of financial instruments and market operations and with annex no. 13 to ASF Regulation no. 5/2018 and the Bucharest Stock Exchange Code**

**for the six months period ended 30 June 2022**

*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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## 1. Identification Details Of The Issuer

**Report date:** 17 August 2022

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

**Headquarters:** no. 9 Grigore Alexandrescu Street, 1<sup>st</sup> 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:** 2022 Half-year (period 1 January – 30 June 2022)

**Audit/Review:** The condensed consolidated interim financial statements as of and for the six months period ended 30 June 2022 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	-
Stock Market	Bucharest Stock Exchange REGS	London Stock Exchange MAIN MARKET
Ticker	EL	ELSA

Source: Electrica



## 2. Highlights

The Group's core business segments are the distribution of electricity to users, the supply of electricity to household and non-household consumers, the segment of services related to the external distribution networks as well as the segment regarding the production of electricity from renewable sources.

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, which was renewed in 2021 for a period of 10 years. In order to extend the economic activities of Electrica Furnizare S.A. (EFSA) in Hungary, the electricity trading license was granted by the Hungarian Energy and Public Utilities Regulatory Authority (MEKH) for Electrica Furnizare, by Decision no. H879/2022. Also, the Group holds a natural gas supply license 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.

The group entered the segment of electricity production, especially from renewable sources, starting with the year 2020 through the purchase of a photovoltaic park with an installed capacity of 7.5 MW (operating capacity limited to 6.8 MW), and during the year 2021 acquired four production park projects (three photovoltaic - with an installed capacity of 163.5 MW and a wind farm with an installed capacity of 121 MW, with an attached electricity storage capacity of 60 MWh).

The consolidated report of the administrators for S1 2022 contains the main events that took place in the first 6 months of the current financial year (detailed below) and their impact on the half-yearly accounting reporting is included in both the performance and the financial position of the Group. Significant events subsequent to the reporting date are also included.

### 2.1. Key events from January to June 2022 (S1 2022)

During the six months period ended 30 June 2022 the following main events took place:

#### General Meetings of Shareholders (GMS) ELSA:

- On 28 January 2022, ELSA's BoD convened the **Extraordinary General Meeting of Shareholders (EGMS)** for **21 March 2022**, which approved the empowerment of ELSA's representative in the EGMS of EFSA to vote for the total ceiling of short-term financing that can be contracted by EFSA during the 2022 financial year from bank institutions (commercial banks or international financial institutions) to finance the current activity in the amount of up to RON 1,5 bln, with ELSA's guarantee of maximum RON 1,65 bln.
- On 28 February 2022, ELSA's BoD convened the **Ordinary General Meeting of Shareholders (OGMS)** and



the **Extraordinary General Meeting of Shareholders (EGMS) ELSA**, for **20 April 2022**.

Within the OGMS, ELSA's shareholders have mainly approved the following:

- The Separate and Consolidated Annual Financial Statements for the financial year ended 31 December 2021, as well as the 2022 income and expenses budgets – both individual and at consolidated level
- The distribution of the net profit for the financial year 2021: total gross dividend value of RON 152,798,852, the gross dividend per share of RON 0.4500, ex-date -May 24, registration date- 25 May 2022, date of payment of dividends - 17 June 2022;
- The discharge of liability of the members of ELSA's BoD;
- The amendment of ELSA's Remuneration Policy for Directors and Executive Managers in force, by revising the provisions regarding the weights of the key performance indicators (KPI) and the principles underlying the calculation of the result of the annual evaluation of executive directors;
- The Remuneration Report for Directors and Executive Managers of ELSA.

The shareholders who participated in the EGMS approved a ceiling of up to RON 900,000,000 for the bond issues of Electrica for the period 2022-2023, as well as the empowerment of ELSA's BoD to take all measures to carry out and complete the bond issuance operations.

On 15 April 2022, ELSA's BoD decided to convene the **Extraordinary General Meeting of Shareholders (EGMS) ELSA**, for **9 June 2022**. During the EGMS, ELSA's shareholders have mainly approved the following:

- the empowerment of Electrica's representative to participate in EFSA's EGMS and vote for increasing the total ceiling of short-term financing that can be contracted by EFSA during the financial year 2022 for financing its current activity up to the amount of RON 1,7 bln with Electrica's guarantee of maximum RON 1,87 bln.
- the empowerment of Electrica's representative, to participate in DEER's EGMS and to vote for the approval of a total ceiling of medium and long term financing that can be contracted by DEER during the financial year 2022 from banking institutions to cover the additional costs related to own technological consumption as well as to finance the working capital and the investment projects in value of up to RON 0,7 bln, with the guarantee of Electrica of maximum RON 0,77 bln.
- a total ceiling of guarantees (which will not be real guarantees) that may be granted by Electrica for the above-mentioned financing in the amount of up to RON 1,87 bln for EFSA and of up to RON 0,77 bln for DEER.

#### **Main decisions of the Board of Directors ELSA:**

- During the meeting of 3 January 2022, ELSA's BoD decided the nomination of Mr. Stefan-Alexandru Frangulea, as interim executive director of Financial Department, starting with 4 January 2022 until 31 December 2022.
- During the meeting held on 31 January 2022, Board of Directors ELSA endorsed the draft amendment to the Constitutive Act of Electrica, which it underwent to consult the interested parties, and will be submitted for the approval of the General Meeting of Shareholders, after the completion of the consultation process.

The initial deadline for submitting proposals, 21 February 2022, was extended until 14 May 2022. The amendment proposals can be found on the company's website, together with the Articles of Incorporation in the form proposed by the Board of Directors of the Company, by accessing the following link:

<https://www.electrica.ro/en/investors/corporate-governance/corporate-policies/> . On 15 July 2022, ELSA' BoD organized a workshop with shareholders to present these proposals.

- During the meeting of 2 February 2022, Board of Directors ELSA approved the implementation of a reorganization process of the Company's personnel structure and the initiation of the collective dismissal procedure, the modification of the organizational structure of the Company with effect from 01 March 2022, the notification of the relevant authorities and of the Trade Union regarding the final decision of the Company to implement the reorganization process and to carry out the collective dismissal of the employees who currently occupy the positions which will be abolished, as well as the transmission of all data and information stipulated by art. 72 of the Labor Code, including the result of the information and consultation process with the Trade Union.

Regarding the necessity and opportunity of carrying out the reorganization process of the Company's personnel structure, it is mentioned that it is part of a larger complex of measures considered by the executive management and the Board of Directors of the Company, regarding the global transformation process of the Electrica group, to prepare both Electrica and each of its subsidiaries, to act agilely in a field marked by volatility, uncertainty and complexity, to face the challenges in the internal and external environment and to strengthen their financial performance, on the basis of which they can transpose the development projects about which shareholders and investors are informed in accordance with the transparency principles adopted by the Company.

The organizational measures provided in the Reorganization Plan have as objectives the resizing and the redefining of the Company's personnel structure, as well as of its organization and functioning mode, for the optimal correlation between the number of employees and the functions performed, in accordance with the current activity conditions on the energy market. Through the implementation of the organizational transformation project, a reduction from 120 positions to 85 positions was obtained and a flattened structure by reducing the number of hierarchical levels. As a result of this approach, the number of organizational entities within the Company decreased by 19%, while the number of management / coordination positions decreased by 25%.

- During the meeting on 15 April, the Board of Directors of ELSA approved **the consolidated value of the Investment Plan (CAPEX)** of the Group for 2022, in the total amount of RON 750.5 mn. From this value:
  - RON 689.0 mn represents the 2022 annual investment plan of the distribution subsidiary Distribuție Energie Electrica Romania S.A. regarding the investments (the financial part of the investments' individual plan);
  - RON 47.2 mn represents the 2022 annual investment plan of Electrica Furnizare S.A. regarding the investments (the financial part of the investments' individual plan);
  - RON 3.6 mn represents the 2022 annual investment plan of Electrica Serv S.A. regarding the investments (the financial part of the investments' individual plan).
- Also on 15 April 2022, ELSA's BoD approved the revised version of the Electric Group Strategy for 2019-2023. The update of the Electrica Group Strategy enhances the benefits obtained through the transformation processes carried out in the distribution and supply companies and addresses the opportunities in order to prepare the Group for a sustainable growth. The revised strategy emphasizes the digital agility and transformation of the business, as well as the expansion of the business in complementary areas. The main elements of it can be found here: <https://www.electrica.ro/en/investors/strategy-overview/key-elements-of-the-2019-2023-electrica-group-strategy/>.

- During the meeting on 5 May 2022, the Board of Directors of the Company (BoD) decided to revoke Mrs. Georgeta-Corina Popescu from the position of General Manager, without cause, starting with 16 May 2022 and the appointment of Mr. Chiriță Alexandru-Aurelian, as interim General Manager, starting with 17 May 2022, for a period of 3 months, or until the appointment of a new General Manager, respectively until the revocation.
- On 25 May 2022, Electrica published the revised version of the Dividend Policy - the revised Policy on Organizing and Running the General Meetings of Shareholders, as approved by the Board of Directors ELSA. These are available on ELSA's website at the address: <https://www.electrica.ro/en/investors/corporate-governance/corporate-policies/>.

### **Other relevant events**

- On 3 January 2022, the mandate of the Chief Financial Officer, Mr. Mihai Darie ended, by reaching the four-year term.
- By the Decision no H879/2022 of the Hungarian Energy and Public Utility Regulatory Authority, on 2 February 2022, an electricity trading License was granted to EFSA – the Company's supply subsidiary. This license will allow EFSA to register and trade electricity in Hungary, on the wholesale market, including the derivatives market, the operations being performed from EFSA's headquarters.
- On 31 March 2022, at the recommendation of the Strategy and Corporate Governance Committee, ELSA's BoD decided to reposition Electrica Energie Verde 1 SRL (EEV1) within the Group by concluding a transaction between EFSA, as seller and sole shareholder of EEV1, and Electrica Productie Energie S.A. (EPE), as buyer and approved the granting of a loan in the amount of up to the RON equivalent of EUR 9,541,000 for the maximum term for one year, by ELSA to EPE in order to finance the acquisition of the shares of EEV1 as well as the takeover of the related shareholder loans. The transaction's object was the acquisition by EPE of all the shares of EEV1 for a price of EUR 9,541,000, to be completed following the signing of all relevant contracts and documents. The actual transaction was concluded on 15 July 2022 and was finalized with the fulfillment of the legal formalities at the Trade Registry on 21 July 2022.
- During the meeting on 15 April, ELSA's BoD took note of the notification regarding the waiver of the mandate of the Executive Director of Business Development submitted by Mr. Stefan-Ionut Pascu and considers the date of effective termination date to be 30 April 2022, representing the last day when the mandate contract produces effects.

### **Treasury aspects**

- On 25 January 2022, was signed the Credit Agreement no. 2022012502 concluded by DEER and BCR by which the Lender makes available to the Borrower a multi-product credit facility up to the value of RON 180,000 th for a period of 1 year, and by the additional act no. 1 signed on 7 March 2022 the credit facility increased from RON 180,000 th to RON 220,000 th.
- On 26 January 2022, the additional documents were signed for the group's subsidiaries, including for ELSA in order to extend the contract no. 3189/28.01.2020 for the IDL intraday credit limit concluded with ING Bank within the cash-pooling structure through which the bank makes available to the borrower a credit facility in the total amount of RON 210,000 th until 27 January 2023.
- On 2 February 2022, was signed the Credit Agreement no. 11673879 concluded by EFSA and Transilvania Bank, SE Electrica SA as co-debtor through which the Lender makes available to the Borrower a loan ceiling up to the

value of RON 190,000 th until 31 July 2022.

- On 4 February 2022, was signed the Credit Agreement no. 17/8130/2022 concluded by EFSA and BRD Groupe Societe Generale SA, SE Electrica SA as co-debtor by which the Lender makes available to the Borrower a loan in the form of a ceiling up to the value of RON 220,000 th until 03 August 2022.
- On 18 February 2022, was signed the Credit Facility Agreement no. WB/C/14 concluded by EFSA and ING, SE Electrica SA as guarantor by which the Lender makes available to the Borrower a non-committing multi-product credit facility up to a maximum value of RON 170,000 th for issuing bank guarantees valid for 6 months minus 15 days from the date of the contract, respectively 2 August 2022.
- On 25 March 2022, was signed the Credit Facility Agreement no. WB/C/379 concluded by DEER and ING by which the Lender makes available to the Borrower a non-committing credit facility up to a maximum value of RON 220,000 th for the issuance of bank guarantees valid for 12 months from the date of the contract, respectively 25 March 2023.
- On 15 April 2022, was signed the Credit Agreement no. 20220416018 concluded by EFSA and BCR, SE Electrica SA as guarantor by which the Lender makes available to the Borrower a multi-product credit facility up to the value of RON 220,000 th for a period of 2 years, respectively 15 April 2024.
- On 18 April 2022, Electrica concluded with EFSA a Framework Contract for issuing corporate guarantees in the form of parental guarantee type (PCG), valid until 31 December 2026, through which ELSA will issue corporate guarantees in the form of Parental Guarantee (PCG) in favour of EFSA, within the limits of the corporate approvals granted by the competent bodies within ELSA.
- On 21 April 2022, was signed the Additional Act no. 2 to the Intragroup Loan Agreement no. 87/23 December 2021 concluded by ELSA with EFSA, which extends the duration for which the amount of RON 130,000 thousand which can be borrowed by EFSA under the Contract for one month from 23 April 2022 to 23 May 2022.
- On 13 May 2022 was signed the Additional Act no 1 to the Credit Facility Agreement no. WB / C / 379 concluded by DEER and ING by which the Lender makes available to the Borrower a sublimit of up to RON 50.000 th for overdraft from the total facility of RON 220.000 th.
- On 19 May 2022, was signed the Credit Agreement no. GRIM/43778-CSG concluded by EFSA and UniCredit Bank SA having ELSA as Guarantor, by which the Lender makes available to the Borrower a multi-product credit facility up to the value of RON 220,000 th. for a period of 12 months for overdraft, respectively 19 May 2023 and for issuing bank guarantees valid for two years from the date of the contract, respectively 19 May 2024 and by the additional act no. 1 to the the Credit Agreement no. GRIM/43778-CSG signed on 15 June 2022 the credit facility increased from RON 220,000 th to RON 300,000 th.
- On 26 May 2022, was signed the Credit Facility Agreement no. 20 concluded by DEER and RAIFFEISEN BANK by which the Lender makes available to the Borrower a non-committing revolving credit facility up to a maximum value of RON 220,000 th. valid for 12 months from the date of the contract, respectively 26 May 2023.
- On 14 June 2022, was signed a short term Loan Agreement no.40/14.06.2022 concluded by Electrica and

SOCIETATEA NEW TREND ENERGY SRL up to the value of RON 2,050 th until 13 June 2023.

- On 29 June 2022, was signed FX Hedging Agreement no. WB/C/1840 by and between DEER and ING Bank NV acting through its branch office ING Bank Amsterdam, Bucharest Branch through which parties enter into and become bound by foreign exchange hedging transactions for a secured amount of EUR 39,000 th valid up to 28 June 2023.
- On 30 June 2022, was signed the Additional Act no. 4 to the Loan Agreement no. 2406PJ/30.06.2020 concluded by DEER and INTESA SANPAULO ROMANIA SA, which removes the noncash character, converts the facility from LEI to EUR and extends the duration for which the amount of EUR 27,311 th which can be borrowed by EFSA under the Contract for 12 months months, respectively 28 June 2023.

### Litigations

- **Case no. 887/90/2013**

On 6 April 2022, the final updated consolidated table of the debts owed by Oltchim S.A. was published in IPB no. 6100, updated as a result of (i) the distributions made on account of the receivables, (ii) the issued court decisions (iii) the decision of the European Tribunal of Justice in Luxembourg, pronounced on 15 December 2021, in case T565/19 which remained final. In the final consolidated table, updated as indicated above, Electrica is registered with the amount of RON 116,058,538, representing the secured claim, with the right to vote.

Electrica's receivable was modified because of the decision of the European Tribunal of Justice in Luxembourg, pronounced on 15 December 2021, in case T565/19, a decision that partially annulled the Decision of the European Commission no. C (2018) 8592 final, dated 17 December 2018, which established a series of measures regarding the recovery by Romania of the state aid granted to Oltchim SA, in violation of art.108 paragraph 3 of the TFEU, through some companies, including Electrica. In its ruling, the European court annulled several measures to recover state aid established by the European Commission, including Measure 3, which also refers to the total amount of RON 554,959,671.97 (RON 45,106,237.96 representing the secured debt and the amount of RON 509,853,434.01 representing the unsecured debt), considered state aid with which Electrica was listed in the table of debts.

The decision is final.

- *File ARB-5670 - Borisnavschi (RO) vs Energetica Electrica (RO)*

On 7 February 2022, the dispute that makes the object of file no. ARB-5670 - Borisnavschi (RO) vs Electrica (RO), pending before the International Court of Arbitration in Vienna, was settled amicably by concluding a transaction.

- *File no 371/33/2017*

On 28 March 2022, the dispute between DEER and D.G.R.F.P. Cluj Napoca - A.J.F.P. Maramures and ANAF which is the subject of file no. 371/33/2017, was definitively resolved by the High Court of Cassation and Justice, by admitting the appeal declared by DEER against the civil sentence no. 163 of 8 July 2019, pronounced by the Cluj Court of Appeal, the partial annulment of the appealed sentence and the annulment of Decision no. 275 of 31 October 2016 regarding the settlement of the DEER appeal, of the Taxation Decision no. F-MM 180 of 30 March 2016 (total amount 32,295,033 RON) and of the Fiscal Inspection Report no. F-MM 160 of 30

March 2016 and for the additional profit tax for 2009 and related accessories, maintaining the other provisions of the appealed sentence and rejecting the appeals declared by the defendants D.G.R.F.P. Cluj-Napoca - Maramures County Administration of Public Finance and the National Agency for Fiscal Administration (ANAF) against the same sentence, as unfounded. We mention the fact that, by the decision of 8 July 2019, the court admitted in part the action filed by the plaintiff Societatea de Distributie a Energiei Electrice Transilvania Nord SA (currently DEER), in contradiction with the defendants D.G.R.F.P. Cluj Napoca and ANAF, partially annulled Decision no. 275/31.10.2016 regarding the settlement of the appeal, with the consequence of partially admitting the appeal, partially annulled the Tax Decision no. F-MM 180 of 30 March 2016 and the Fiscal Inspection Report no. F-MM 160 of 30 March 2016, respectively regarding the additional payment obligations established in charge of the plaintiff, consisting of VAT for the period 01 December 2009 – 31 August 2015 and their ancillary obligations, respectively interest / increase of delay and penalties related to VAT, maintaining, for the rest, the contested acts, including regarding the additional payment obligations consisting in profit tax for the period 01 January 2009 – 31 December 2014 and its ancillary obligations, respectively interest / increase of delay and penalties related to the profit tax.

▪ *File no 192/2/2015*

On 31 March 2022, the High Court of Cassation and Justice definitively resolved case no. 192/2/2015 and dismissed the claim. The object of case no. 192/2/2015 is: - annulment of the Order of the President of ANRE no. 146/2014 on establishing the regulated rate of return applied to the approval of tariffs for the electricity distribution service provided by concessionaire distribution operators starting with 1 January 2015 and the repeal of art. 122 of the Methodology for establishing the tariffs for the electricity distribution service, approved by the Order of the President of ANRE no. 72/2013; - as a direct consequence of the total annulment of the Order of the President of ANRE no. 146/2014, the total annulment of (i) the Order of the President of ANRE no. 156/2014 on the approval of specific tariffs for the electricity distribution service and the price for reactive electricity, for Societatea Comerciala "Filiala de Distributie a Energiei Electrice Electrica Distributie Transilvania Sud" - S.A., (ii) ANRE Order no. 155/2014 on the approval of specific tariffs for the electricity distribution service and the price for reactive electricity, for Societatea Comerciala "Filiala de Distributie a Energiei Electrice Electrica Distributie Transilvania Nord" - S.A, (iii) Order of the President of ANRE no. Order no. 154/2014 regarding the approval of the specific tariffs for the electricity distribution service and of the price for reactive electricity, for Societatea Comerciala "Filiala de Distributie a Energiei Electrice Electrica Distributie Muntenia Nord" - S.A. The case ELSA-ANRE no. 317/2/2015 regarding the annulment of the Order of the President of ANRE no. 154/2014 has been attached to case no. 192/2/2015.

### **Transactions with related parties in H1 2022 and to date**

During the reporting period and until the date of this report, ELSA published 20 announcements, according to art. 108 of Law no. 24/2017, reporting transactions concluded between OPCOM - DEER, OPCOM - EFSA, DEER - EFSA, EFSA - Transelectrica, EFSA - CEO, EFSA – Nuclearelectrica in this period, whose cumulated value in



the case of each announcement case exceeds the threshold of 5% of ELSA's net assets, calculated on the basis of Electrica's individual financial statements for 2021, respectively the value of RON 206,175,420.

Also, on 26 January 2022 ELSA published the Auditor's report regarding the transactions reported in H2 2021 according to Art. 108 Law 24/2017 (R), and on 29 July 2022 published the Auditor's report regarding the transactions reported in H1 2022 according to Art. 108 Law 24/2017 (R).

All these announcements and auditor's reports can be found on ELSA's website, at this address: <https://www.electrica.ro/en/investors/results-and-reports/current-reports-art-108/>.

### **Subsequent events**

The following are presented the relevant events that took place at the Group level during the period between the closure of H1 2022 and the date of this report.

### **Other relevant events**

- On 6 July 2022, Electrica signed, as buyer, a shares sales and purchase agreement ("SPA") in one project company having as main object of activity the production of energy from renewable sources. The contract concerns the acquisition of 100% of the shares of Green Energy Consultancy & Investments S.R.L., wholly owned by sellers, for a total estimated price of EUR 600,000. The final price will be determined by adjusting the estimated total price according to the authorized production capacity, based on a contractually established calculation formula. Green Energy Consultancy & Investments S.R.L. develops the photovoltaic project "Vulturu" with an installed capacity of 12 MWp DC (peak power at the level of the panels) and 9.75 MW AC (power authorized for delivery into the grid), located in the area of Vulturu commune, Vrancea county. The contract provides for the purchase in the period following the signing of the sale contract by Electrica of the shares of the company and the payment of the related price in two stages, structured according to the stage of development of the project and the fulfillment of suspensive conditions.
- During the meeting held on 16 August 2022, the Board of Directors decided to extend the appointment of Mr. Chirita Alexandru-Aurelian, Romanian citizen, as interim CEO, until 31.12.2022, or until the appointment of a new CEO, respectively until the revocation, whichever occurs first, with the possibility of revoking the mandate granted at any time during the period.

### **Subsequent issues related to the Treasury**

- On 15 July 2022, was signed a short term Loan Agreement no. 46 concluded by SE Electrica SA and SOCIETATEA ELECTRICA PRODUCTIE ENERGIE SA up to the value of EUR 9,541 th until 14 July 2023 in order to acquire EEV1 shares.
- On 1 August 2022, was signed additional Act no. 1/11673879 to Credit Agreement no. 11673879/02.02.2022 concluded by EFSA and Banca Transilvania SE Electrica SA as co-debtor, extending the validity of the ceiling of RON 190,000 th until 31 August 2022.
- On 3 August 2022, was signed additional Act no. 1/03.08.2022 to Credit Agreement no. 17/8130/2022 dated 04.02.2022 concluded by EFSA and BRD GROUPE SOCIETE GENERALE SA, SE Electrica SA as co-debtor by which the validity of the ceiling of RON 220,000 th is extended until 03.02.2023.
- On 3 August 2022, was signed additional Act no. 1 to the Credit Facility Agreement no. WB/C/14 dated 18



February 2022 concluded by EFSA and ING Bank NV, SE Electrica SA as guarantor, which eliminates the possibility of using the Credit Facility for the purpose of issuing guarantee instruments and the date of final repayment, respectively the period of draw will not be later than 16 September 2022.

### **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 mn 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.

During 2021, the new company Distribuție Energie Electrica România S.A. (DEER), created by the merger of the three electricity distribution companies within the Group, started the implementation of a multi-annual legal post-merger integration program, having as objectives the continuous improvement in the operational area and building a performance based culture within the Electrica Group, in a customer-centric paradigm, keeping costs under control. The long-term goal of the management team is a corporate cultural transformation of the organization, focused on efficiency and performance, so as to ensure the sustainability of the business.

In this approach, efforts to maximize efficiency potential focus on three relevant areas:

1. a unified organizational structure and efficiency of support activities;
2. the optimization of imbalances and the cost of purchasing electricity to cover losses in distribution networks;
3. the optimization of the function of Information and Communication Technology and related components.

### **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 2022** were approved by **ANRE Order no. 119/24 November 2021**, the regional average tariffs for DEER having the following increase compared to the 2021 tariffs: MN +8.1%; TN +10.4%; TS +7.4% in force starting with 1 January 2021
- As a result of GEO 27/2022, **the distribution tariffs for 2022 were modified starting with 1 April 2022 to cover the additional costs related to Network Losses for 2021**. By **ANRE Order no. 28/23 March 2022**, the regional average tariffs for DEER were approved, having the following increases compared to the 2021 tariffs: MN +24%; TN +17%; TS +20%. This tariff increase will allow the recovery of the amount of RON 363 mn (RON 353 mn recognized NL 2021 loss to which inflation was applied) representing the difference between the average effective cost of energy acquisition for own technological consumption (NL)

and the ex-ante price established by ANRE for the year 2021 between 1 April 2022 and 31 December 2022, which will favorably impact the net result for the distribution segment in the remaining period of 2022.

- **ANRE Decision no. 610/2022 on the approval of the model for the publication of the costs regarding the operation, maintenance and development of the electric transmission and distribution networks - in force starting with 1 May 2022**
  - The DSOs will publish quarterly on their own web pages, both the realized and the budgeted costs.
- Draft Order for the approval of the **Procedure regarding the establishment and recognition in tariffs of the additional costs** incurred during the period of applicability of GEO no. 27/2022 on the measures applicable to final customers in the energy and gas market in the period 1 April 2022 - 31 March 2023, financed

by bank loans, intended for the purchase of electricity to cover network **losses, compared to the costs recognized ex-ante in the distribution/ transmission tariffs electricity:**

- establishes cumulative conditions regarding the capitalization of network losses;
  - the DSO presents supporting documents regarding the loans;
  - proposes a mechanism for recognition and transmission of data on additional costs estimated and realized by the acquisition of network losses;
  - capitalized costs are not included in the RAB.
- **Draft Decision on the approval of the principles for setting binomial tariffs for the distribution service provided by the concessionary electricity distribution operators:**
- DSO have the obligation:
    - to simulate the application of binomial tariffs for the period 1 January 2022 – 31 December 2022;
    - to publish on their own sites, within 60 days, information on the project for the implementation of binomial tariffs from 1 January 2024;
    - to notify consumers in order to declare/update the contracted power and to inform them on the maintenance by the operator of the power at the approved level for a limited period of three years, if it is not used;
    - to make available to network users and their suppliers, upon request, the data necessary for the calculation of the invoice based on the binomial type tariff, for the entire simulation period.
    - to ensure the adaptation of ITC systems to the new charging system until 31st of December 2023;
  - the monitoring data of the simulation of the application of the binomial type tariff for the electricity distribution service are transmitted to ANRE by DSO until 15th of February 2023.
- **ANRE Order no. 98/2022 - for the approval of the Procedure regarding the substantiation and approval of the development and investment plans of the transmission system operator and of the electricity distribution operators - in force starting with 12 July 2022**
- The **elaboration of the 10-year development plans** of the investment plans for the period or annually is made on the basis of an internal procedure DSO/TSO. The 2023-2033 plan is sent to ANRE until 1st of July 2023. The 10-year development plan envisages:
    - analyzes regarding the **evolution of production and consumption**, evaluation of the need for vehicle recharging points, of the dispatchable consumption potential in the area;
    - studies on the **digitization and integration of the necessary flexibility services in electrical distribution network in the medium and long term**;
    - analysis on measures and programs designed to ensure **cyber security of information systems**;
 and includes:
    - value estimates of the impact of delays or non-realization of investments included in the previous edition of the development plan;
    - the stage of implementation of the new obligations regarding the digitalization of the network, the flexibility services, the integration of the dispatchable consumption and of the production distributed from renewable sources;
    - presentation and argumentation of the way of correlation and compliance of the Plan with the Energy Strategy of Romania in the medium and long term and with the National Plan on Energy and Climate Regulation (EU) 2018/1999.
  - The benefits pursued, in total and on voltage levels, will reduce the costs approved for each year of the regulatory period and of the entire period, according to the Tariff Methodology.
  - In the situation where the DSO/TSO does not own or partially owns motor vehicles, the DSO has the right to request the agreement of ANRE for the establishment in the reference year of a regulatory period.
  - The value of the investment plan from own sources must be equal to the minimum forecasted amortization related to the period, and not annually.

**b) Licenses**

- **ANRE Order no. 24/2022 on amending the Regulation for granting licenses and authorizations in the electricity sector, approved by ANRE Order no. 12/2015 - in force starting with 25 March 2022**
  - elimination of the legal ban on issuing a single license to the electricity market operator on the Romanian electricity market.
- It was published **ANRE Decision no. 491/30.03.2022** regarding the granting of the license of the market operator of the Romanian Commodity Exchange
- **Draft order on the approval of the Regulation for granting licenses and authorizations in the electricity sector - public debate – phase II**
  - renaming the types of licenses granted by ANRE, in accordance with the provisions of art. 10 para. (2) of the Energy Law.
  - taking over in the regulation of all the exceptional situations provided by law in which the provision of services and activities in the field of electricity is allowed without a license issued by ANRE, in accordance with the provisions of art. 10 para. (4<sup>2</sup>), para. (5), para. (6) and para. (6<sup>2</sup>) of the Energy Law
  - the explicit specification of the situation of modification of the license for the commercial exploitation of energy capacities by including in its content some energetic capacities on which the applicant may have a provisional exploitation right, until the date when the license holder obtains the definitive exploitation right, in the case of the transfer of ownership/use over the respective energy capacities.

**c) Smart metering regulations (SM):**

- **Draft Decision amending the Calendar for the implementation of smart electricity metering systems at national level for the period 2019 - 2028 approved by ANRE Decision no. 778/2019 - public debate**
  - the modification of the SM implementation calendar at national level, corresponding to the period 2019 - 2028, in compliance with the provisions of the normative acts applicable to the field, in force, which establish the regulatory framework regarding the SMI implementation process at national level and which of the approved SMI implementation schedule.

**d) Technical regulations****Network connection**

- **ANRE issued orders for connection in order to harmonize with the provisions of GEO no. 143/2021:**
  - i. **household connection** - In the case of household customers, upon commissioning of the connection works performed, DSO will reimburse the applicant the effective value of the design and execution of the connection, up to an average value of a connection, established according to a methodology approved by ANRE. The assets resulting from the connection works become the property of the distribution operator from the moment of commissioning, at the value reimbursed to the household customer, being recognized by ANRE as part of the regulated assets base.
  - ii. **non-household connections** - In the case of non-household customers, the equivalent value of the connection works, including those of the connection / connection design performed, is fully paid by the customers. The assets resulting from the connection works enter the patrimony of the DSO from the moment of commissioning, without being recognized by ANRE as part of the base of the regulated assets.
  - iii. **Order issued:**

- ANRE Order no. 17/02.03.2022 Order amending and supplementing the Regulation on the connection of users to electricity networks of public interest, approved by ANRE Order no. 59/2013 in force starting with 4 March 2022
- ANRE Order no. 18/02.03.2022 Order approving the Procedure regarding the connection to the low voltage electrical networks of public interest of the consumption places belonging to the users of household customers - in force starting with 7 March 2022 - abrogate the ANRE Order no. 17/2021
- ANRE Order no. 21/09.03.2022 Order for the modification and completion of the Methodology for establishing the tariffs for connecting users to the electricity networks of public interest, approved by ANRE Order no. 11/2014 - in force starting with 11 March 2022
- ANRE Order no. 22/09.03.2022 Order for the modification and completion of the ANRE Order no. 141/2014 for the approval of the specific tariffs and specific indices used to establish the tariffs for connecting users to the electricity networks of public interest - in force starting with 11 March 2022
- ANRE Order no. 23/09.03.2022 Order regarding the approval of the average values used by the distribution operator for the reimbursement to the requesting household customers, of the equivalent value of the design and execution works of a connection - in force starting with 11 March 2022
- **ANRE Order no. 63/2022 for the amendment of ANRE Order no. 95/2018 on the approval of the mandatory clauses in the contracts for the provision of services in order to carry out the connection works to the electricity networks of public interest - in force starting with 31 March 2022**
  - clarification of the applicability situations of the obligatory Clauses correlated with the modification of art. 44, para. (4) of the Connection Regulation, introduced by ANRE Order no 160/2020. And it introduces the possibility for the certified economic operator to be able to constitute the guarantee of good execution of the contract in support of the network operator, through a guaranteed instrument issued by non-banking financial institutions.
  - the contracts for the provision of services to carry out the connection works to the electricity networks of public interest concluded before the date of entry into force of this order shall be updated, by the conclusion by the parties of an additional act within 30 days from the date of entry into force of the order.
- **ANRE Order no. 137/2021 Order for the approval of the Procedure regarding the determination of the available capacity in the electrical networks for the connection of new installations of electricity production - in force starting with 1 March 2022:**
  - rules for determining the capacity available in the electrical transmission network/electrical distribution network at the 110 kV voltage level;
  - rules for the data publication regarding available capacities;
  - deadlines and frequency of data publication regarding available capacities by network operators: monthly starting with 1 April 2022; twice a month starting with 1 July 2022.
- **Draft order and Order ANRE Connection in order to harmonize with the provisions of the ANRE regulatory framework in which the legislative amendments of GEO no. 143/2021, namely with the provisions of ANRE Orders no. 17/2022, no. 18/2022 and no. 19/2022**
  - order issued:
    - ANRE Order no. 82/2022 - modification and completion of ANRE Order no. 74/2014 for the approval of the Framework Content of the technical connection approvals;
    - ANRE Order no. 83/2022 - modification and completion of ANRE Order no. 5/2014 for the approval of the Framework Content of the connection certificates;
  - Draft order in public debate
    - approval of framework contracts for connection to electricity networks of public interest - will abrogate ANRE Order no. 164/2020.

- **ANRE Order no. 81/2022** - order for amending and supplementing the Regulation on the connection of users to electricity networks of public interest, approved by ANRE Order no. 59/2013 - in force since 17 June 2022
  - it is provided that the DSO/TSO completes the value of the costs of carrying out the general reinforcement works and the way of their payment to the first user, respectively to the other users, in the connection contract that it concludes with the new user;
  - introduction of the possibility of concluding the contract for the design and/or execution of reinforcement works for the creation of the technical conditions necessary for the connection of several places of consumption and/or production, by DSO/TSO and with a certain certified designer and/or constructor, chosen by user;
  - the responsibility of the DSO/TSO/economic operator to obtain the agreement/authorization for the execution of the connection installation, in case of direct conclusion between the user and the certified economic operator designated by the user of the contract for the design and / or execution of the connection installation as follows:
    - for the connection installation that will be owned by the user, the document is obtained by the user or, as the case may be, by the designated certified economic operator;
    - for the connection installation that will enter the patrimony of the RO, the document is obtained by the DSO/TSO.
- **Draft order for the approval of the Procedure regarding the connection to the electric networks of public interest of the recharging points for electric vehicles - public debate**
  - connection of a new place of consumption, consisting of one or more recharging points for electric vehicles;
    - connection of a place of consumption/place of consumption and production, with recharging points for electric vehicles, with/without storage facilities, new;
    - installation at a place of consumption/place of consumption and production with/without existing storage installation of one or more recharging points for electric vehicles.
  - it is applied in conjunction with the provisions of the Connection Regulation, of the Household Connection Procedure and of the Prosumers Connection Procedure, in force.
  - establishes, for certain stages or actions within the connection process, shorter deadlines, similar to those provided for the connection of prosumers.
  - when installing at an existing place of consumption one or more recharging points for electric vehicles, without exceeding the approved power, the existing ATR/CfR is not updated, and in the existing electrical installations upstream of the delimitation point no works are performed additional.
  - the obligation of OD to draw up its own procedures, within 30 days of publication in the Official Gazette, for the organization of the connection activity of the categories of users to whom the document is addressed and to make available to interested parties all relevant information regarding the connection process.
- **BRML Order no. 77/2022 for the approval of the Official List of fixed measuring instruments subject to legal metrological control - published in the Official Gazette no. 332/5 April 2022** - enters into force within 90 days from the date of publication in the Official Gazette (4 July 2022)
  - For active and reactive electricity meters, the metrological verification will be done at 15 years.
- **Draft Order for approving the rules for congestion management and for the acquisition of system services that do not aim at frequency stability by using flexibility in distribution networks by network operators and for amending the regulations approved by ANRE Order no. 127/2021 - public debate**
  - The order enters into force on the date of publication and applies from 1 October 2022.

- On the first date of the transmission to ANRE of the network development plan for 5, respectively 10 years, which is subsequent to the date of entry into force, each DSO sends to ANRE a proposal for:
  - a technical qualification procedure related to each service;
  - the specifications of the products introduced in the short-term energy / long-capacity tenders for congestion management;
  - the specifications of the products introduced in the tenders for the acquisition of reactive energy for the regulation of the voltage in stationary regime;
  - the minimum of information to be part of the Register for flexibility resources, as well as the optional ones and the access rules of the neighboring DSO/TSO to them;
  - the reasoned option regarding the organization of a common platform for all DSO/TSO for the acquisition of congestion management services, respectively of a separate platform by each DSO/TSO;
  - the option of combining or not the possible common platform with the Register for flexibility resources.

### Prosumers

- **ANRE Order no. 15/23.02.2022 - Methodology for establishing the rules for the sale of electricity produced in power plants from renewable sources with installed power of up to 400 kW per place of consumption belonging to prosumers - in force since 1 May 2022**
  - The distribution operators ensure the acquisition, installation, sealing, verification, reading and, if necessary, the replacement of the electricity metering groups produced, located in the users' installations, according to the ANRE regulations.
  - Consumers who own electricity generation units in RES with an installed capacity of up to 400 kW per place of consumption may sell the electricity produced and delivered in the electricity network to the electricity suppliers with whom they have concluded electricity supply contracts, according to ANRE regulations.
  - At the request of prosumers who produce electricity in power generation units with a power installed at the place of consumption:
    - up to 200 kW - the electricity suppliers with whom they have concluded electricity supply contracts are obliged to make a quantitative compensation in the bill of the prosumers between the electricity produced and delivered in the network and the consumed one and to report in the bills of the prosumers the difference of between the amount delivered and the amount consumed, if the amount of energy produced and delivered to the network is greater than the amount of electricity consumed, prosumers may use the amount of electricity carried over for a maximum period of 24 months from the date billing.
    - between 200 kW and 400 kW - the electricity suppliers are obliged to purchase the electricity produced and delivered at a price equal to the weighted average price registered in the DAM in the month in which the respective energy was produced and to make the financial regularization between the prosumers. the delivered electricity and the consumed electricity from the network.
  - Quantitative compensation of prosumers with installations with a power of up to 200 kW per place of consumption, will be granted until 31 December 2030, and after this period the respective prosumers can sell the electricity produced under the conditions provided for prosumers with installed capacities between 200 kW and 400 kW, per place of consumption.
- **ANRE Order no. 19/02.03.2022 Order approving the Procedure regarding the connection to the electricity networks of public interest of the places of consumption and production belonging to the prosumers - in force starting with 7 March 2022 - abrogate ANRE Order no. 15/2021**
  - harmonization with the provisions of GEO no. 143/2021.
- **Draft order for the modification and completion of the Procedure regarding the connection to the electricity networks of public interest of the consumption and production places belonging to the prosumers, approved by ANRE Order no. 19/2022 - public debate**
  - the introduction of the provision according to which, with the exception of the rules of the Procedure which do not provide for the issuance of technical connection approval or those which do not provide for the



issuance of technical connection approval prior to the construction of the electricity generation facility, for prosumers of electricity from renewable sources, the DO issues technical connection approval before the construction of the electricity generation installation, in compliance with the provisions of the normative acts specific to the respective financing programs.

- **ANRE Order no. 95/2022 - order for the modification and completion of ANRE Order no. 15/2022 for the approval of the Methodology for establishing the rules for the sale of electricity produced in power plants from renewable sources with installed electric power of up to 400 kW per place of consumption belonging to prosumers** - in force since 1 July 2022.
  - clarifies the application of quantitative compensation between electricity consumed and electricity produced and delivered in the electricity network by prosumers who have units for electricity production from renewable energy sources with electricity installed at most 200 kW per place of consumption provided that, following the approval of ANRE Order no. 15/2022, GEO no. 27/2022, which establishes the way of billing the electricity consumed by prosumers between 1 April 2022 – 31 March 2023.

#### **Distribution service performance standard**

- **ANRE Order no. 64/2022 for the modification and completion of the Performance Standard for the electricity distribution service, approved by ANRE Order no. 46/2021 - in force starting with 31 March 2022:**
  - **household clients**, the index reading period may be longer than one month, but must not exceed **3 months**, for non-compliance compensation is granted RON 10
  - **non-household clients**, the index reading period may be longer than one month, but must not exceed 6 months, for non-compliance compensation is granted RON 10
  - **prosumers**, the periodicity of reading the index of the measuring group is a calendar month - compensation RON 10 regardless of voltage level
  - DSO does not grant compensation to users whose metering units are located on their property and who did not allow access to DSO in order to read the index of metering units within the range specified in the invoices issued by electricity suppliers, with prior notification / approval of up to three times the number of users
  - DSO has the obligation to ensure access to historical consumption data of users who benefit from intelligent electricity metering systems, in accordance with the provisions of the framework conditions for achieving the timetable for the implementation of intelligent electricity metering systems at national level - if DSO does not meet the deadlines for a period of one month, he is obliged to pay the user compensation in the amount of RON 30 to LV
  - modification of the DSO calendar regarding the installation of quality analyzers
    - *by 31 December 2023 will monitor at least 50% of the number of power stations and at least 20% of the number of substations,*
    - *by 31 December 2025 will monitor at least 75% of the number of power stations and at least 60% of the number of substations,*
    - *until 31 December 2026 will fully monitor (100%) the power stations and at least 80% of the number of substations,*
    - *starting with 01 January 2028 will fully monitor (100%) the transformation stations.*
    - *The substations monitored according to each stage also include the substations that fully supply users integrated in intelligent electricity metering systems.*
- DSO have the obligation to submit to ANRE until 30 June 2022, the implementation program for monitoring the continuity and quality of electricity with analyzers mounted in power stations and substations

#### **Commercial Regulations**

- **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 abrogate 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 July 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.
- **ANRE Order no. 90/2022 - order for the modification and completion of ANRE Order no. 52/2021 for the approval of the Methodology for monitoring the system for promoting the production of electricity from renewable energy sources** - in force from 27 June 2022
  - regulating the aspects related to the reporting of data by the electricity suppliers that have concluded / conclude contracts for the sale-purchase of the electricity produced by the prosumers, with which they have concluded contracts for the supply of electricity as final consumers, regarding the way and reporting format, respectively data reporting frequency.
- **ANRE Order no. 91/2022 - order for the approval of the Regulation on the supply of last resort of electricity** - in force from 24 June 2022
  - Consumption places that are not disconnected for non-payment of electricity consumption/theft and do not have a supply contract in force/are not in the portfolio of an supply of last resort, are taken over by supply of last resort (the supplier with the largest market share in the area of network in which the places of consumption are located);
  - within maximum 3 working days from the date of entry into force of the order, each concessionaire DO communicates to an supply of last resort the list of consumption places in its network area that are in the situations described above;
  - market shares are established and published by ANRE based on the quantities of electricity delivered, between 1 September 2021 – 28 February 2022, to customers in each network area, by each of the suppliers who also have the quality of last suppliers instance;
  - within maximum 5 working days from the date of communication of the designation decision, supply of last resort and DO concessionaires with which the supplier has not concluded electricity distribution contracts, conclude these contracts.

**Annual report and sanctions**

- **ANRE Order no. 1/19.01.2022 - Order for the abrogation of ANRE Order no. 32/2016 on the approval of the Methodology for drawing up the Annual Report by licensees in the electricity and heat sector and on the modification of some ANRE orders - in force since 21 January 2022**
  - the obligation of the license holders to draw up the Annual Activity Report is eliminated.
  - the ANRE Order no. 32/2016 is abrogated - the information from the annexes from the Methodology preparation of the Annual Report must be sent to ANRE in accordance with the provisions of other orders.
- **ANRE Order no. 12/23.02.2022 - Order for approving the Procedure regarding the establishment and individualization of the contravention sanctions related to the turnover resulting from the control activity - in force from 1 March 2022**
  - This order scope is to in force the necessary rules for establishing and individualizing the sanctions related to the turnover provided in the Law on electricity and natural gas no. 123/2012, art. 95 para. (2) and (3).
- **ANRE Order no. 13/23.02.2022 - Order approving the Procedure regarding the establishment and individualization of the contravention sanctions related to the turnover, by the ANRE Regulatory Committee, as a result of the investigation actions - in force starting with 28 February 2022.**
  - It aims at establishing and individualizing the sanctions in case of committing the contraventions provided in art. 93 para. (1) and art. 194 of the Law on Electricity and Natural Gas no. 123/2012, with subsequent amendments and completions, hereinafter referred to as the Law, for which sanctions are provided from the turnover of the year prior to the application of the sanction.
- **Draft Order on amending and supplementing the Regulation for the organization and conduct of investigation activity in the field of energy on the functioning of the wholesale energy market, approved by ANRE Order no. 25/2017 - public debate**
  - application of some of the legal provisions in force by the members of the ANRE Regulatory Committee;
  - extension of the object of investigations regarding the violation of the transparency requirements, provided in the ANRE regulations, as well as in the European regulations;
  - introduction of modifications, clarifications and completions regarding the competence regarding the establishment and individualization of sanctions, depending on the nature and moment of their commission; also, in the draft order are included provisions for the situation in which, within the investigation action, no contravention facts are found.
- **Draft Order for the modification and completion of the Procedure regarding the establishment and individualization of the contravention sanctions related to the turnover, by the ANRE Regulatory Committee, as a result of the investigation actions, approved by ANRE Order no. 13/2022 - public debate**
  - completing the Procedure with the situations in which the Regulatory Committee establishes and individualizes the sanctions by reference to the turnover of the investigated legal person, and for the contravention facts, for which the investigation team, as ascertaining agents, applies the provisions of art. 12 para. (2) of GO no. 2/12 July 2001 regarding the legal regime of contraventions, approved with modifications and completions by Law no. 180/2002, with the subsequent amendments and completions, proposing the sanctioning of the investigated market participant with a fine related to its turnover.
  - correlation with the provisions of ANRE Order no. 25/2017, with subsequent amendments and completions

**e) Primary legislation:**

- **Energy law no. 123/2012 - amended by Government Emergency Ordinance "GEO" no. 143/2021 - in force starting with 31 December 2021**
  - the possibility of concluding directly negotiated bilateral transactions;
  - the obligation of DSO to ensure the reading of the index of the measuring group for the final household customers at a time interval of maximum 3 months.
  - the role of DSO as a neutral market facilitator in the acquisition of electricity for network losses coverage, according to transparent, non-discriminatory, and market-based procedures, in compliance with ANRE regulations
  - **household connections** - In the case of household customers, upon commissioning of the connection works performed, DSO will reimburse the applicant the effective value of the design and execution of the connection, up to an average value of a connection, established according to a methodology approved by ANRE. The assets resulting from the connection works become the property of the distribution operator from the moment of commissioning, through the effect of this law, to the value reimbursed to the household customer, being recognized by ANRE as part of the regulated assets base.
  - **non-household connections** - In the case of non-household customers, the value of the connection works, including those for the design of the connection / connection made, is fully borne by the customers. The assets resulting from the connection works enter the patrimony of the DSO from the moment of commissioning, through the effect of the present law, without being recognized by ANRE as part of the base of the regulated assets.
  - in case the final customers do not have SM, DSO provides them with individual conventional meters that accurately measure their real consumption. DSO ensures that end customers can easily read their conventional meters, either directly or indirectly, through an online interface or other appropriate interface that does not involve physical connection to the meter.
  - ANRE has the obligation to issue the regulations provided in the Law within the terms expressly provided from the date of entry into force of the Law (60 days or 6 months)
- **Law no. 259/29.10.2021 for the approval of GEO no. 118/2021 regarding the establishment of a compensation scheme for the consumption of electricity and natural gas for the cold season 2021-2022, as well as for the completion of the GEO no. 27/1996 regarding providing facilities to persons residing or working in some localities in the Apuseni Mountains and in the Biosphere Reserve "Danube Delta"**
  - For the period 1 November 2021 – 31 March 2022, a support scheme was established for the payment of invoices related to the consumption of electricity and gas for several categories of final customers.
  - In order to regularize the amounts related to the support scheme, **the electricity / natural gas distribution operators have the obligation, in April-June 2022, in addition to the readings established according to the regulations in force, to read the meter index to final customers** who have benefited from the support scheme and to communicate to the electricity / natural gas suppliers their measurement data.
  - Exemption of some categories of small consumers (SMEs, PFA) from the payment of distribution tariffs, transport, green certificates, contribution for high efficiency cogeneration and excise.
- **GEO no. 3/2022 for the amendment and completion of the GEO no. 118/2021 for household customers increases the maximum consumption limit from 1500 kWh to 1900 kWh (380kWh/month) – in force starting with 26 January 2022**
  - **for domestic customers** in the period 1 February 2022 – 31 March 2022, the final invoiced price of electricity is capped at 0.8 RON/kWh, VAT included, (compared to 1 RON/kWh), of which the price component of energy is maximum 0.336 RON/kWh (compared to 0.525 RON/kWh);

- **for non-household customers** in the period 1 February 2022 – 31 March 2022, the final billed price of electricity is capped at the minimum of 1 RON/kWh, VAT included, of which the energy price component is a maximum of 0.525 RON/kWh
- The DSOs have the obligation in April-June 2022, in addition to the readings established according to the regulations in force, to read the meter index to household customers and to transmit to the electricity/natural gas suppliers their measurement data.
- **GEO no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market during the period 1 April 2022 – 31 March 2023 - in force starting with 22 March 2022, approved by Law no. 206/11 July 2022**
  - in order to cover the additional costs related to network losses for 2021, ANRE modifies the regulated tariffs, with applicability starting with 1 April 2022.
  - the resulting tariffs do not change between 1 April 2022 – 31 March 2023.
  - the additional costs financed from bank loans made during the GEO period to cover the network losses are capitalized, with a duration of 5 years and  $RRR = 50\% \times RRR_{RP4}$ .
  - the electricity costs purchased for network losses after the date of entry into force of the GEO will be recognized in the regulated tariffs, according to ANRE methodologies.
  - the transmission and distribution tariffs will be modified according to the costs registered until 31 March 2023, in a period of up to 5 years, after until 31 March 2023.
  - producers in the portfolio of the Romanian state, have the obligation to respond in 5 working days with partial or total sales offers, energy purchase requests addressed by TSO and DSO, individually or in aggregate, directly or through dedicated platforms in the organized market. Failure to comply with the provision is sanctioned with a fine of RON 100,000 ÷ 400,000

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

**Electricity market functioning**

- **ANRE Order no. 128/2021 - Order for the approval of suspension and re-establishment Rules of market activities and for the applicable settlement Rules – in force since 1 October 2022:**
  - determining the situations and conditions in which TSO can suspend market activities with diminishing the impact on the coupling of DAM and IM energy markets;
  - identification of the market activities that can be suspended and of the procedure of their suspension and restoration: stages, role and responsibilities TSO / designated electricity market operator / factors involved;
  - the communication procedure detailing the tasks and actions that each party must perform;
  - the suspension during the collapse period and the restoration from collapse of SEN of all contracts on the wholesale market (including transactions concluded on DAM and IM), and its sale / acquisition will be made at a single restoration price, respectively the settlement method applicable in these situations and the way of making payments and contesting the settlement.
  - the order will be applied starting with 1 October 2022, the date from which the ANRE Order no. 23/2016 repeals.
- **ANRE Order no. 65/2022 for the approval of the Regulation on the organized framework for contracting electricity by large final customers - in force starting with 1 April 2022**
  - the extension of the market share, by accepting the TSO and the DSO their market share being intended exclusively for the acquisition of network losses;
  - application of regulation inclusive by the producers to whom the measures of GEO no. 27/2022 apply
  - use of standard contract or EFET type;
  - reduction of the average power per settlement interval from 10 MW to 5 MW, for a better profiling of the end customers offers;

- the possibility for the initiator to opt for the variation of the contracted power per settlement interval with a maximum of 0.5 MW per settlement interval;
- minimum delivery time of one month;
- the option regarding the full / partial trading of the initial offer.

**ANRE Order no. 73/2022 regarding the modification of ANRE Order no. 65/2022 for the approval of the Regulation on the organized framework for contracting electricity by large final customers - in force starting with 12 May 2022**

- the possibility of introducing initiating offers by the producers participating in the market;
- elimination of the specification according to which the large final electricity customer includes the transmission and system operator and the distribution operators who purchase, individually or by aggregation, electricity to cover their own technological consumption from the networks they operate, in order to avoid resale to the operators of the electricity purchased on this market, based on the license held. They can participate in the market from the position of final customer, which, according to the definition in the Energy Law, represents any natural or legal person who buys electricity for their own consumption.

▪ **ANRE Order 3/2022 approving the Regulation on the organization and operation of the online supplier change platform (POSF) and for contracting the supply of electricity and natural gas - in force since 28 August 2022**

- The online platform (POSF) is unique at national level, end customers and economic operators involved in changing the supplier and contracting the supply have the obligation to use exclusively this platform.
- Implementation of the platform starting with 28 August 2022.
- Duration of the supplier change process 24 hours
- The client is obliged to register the self-read index in POSF
- The client uploads the self-read index at the beginning of the supplier change process and a second self-read index at the date of the actual change of the supplier. If the end customer does not upload the index on the date of the actual change of the supplier, OD has the obligation to register in POSF, within 5 days from the date of the actual change of the supplier by the end customer, the index read by OD or provided by the intelligent measurement system.
- The regulation details: how the POSF is organized and operated, the content of the POSF database, the data needed to create the POSF access account, the rights and obligations of POSF users, the rules for concluding the supply contract, the actual supplier change procedure.
- ANRE is the administrator and operator of the Online Platform intended for the change by the final customer of the electricity and / or natural gas (POSF) supplier
- In the period between the date of entry into force of the Order and 28 August 2022, all economic operators are obliged to comply with any ANRE requests for the realization and implementation of POSF.

**ANRE Order no. 79/2022 on the approval of the Regulation on the organization and functioning of the market for fixed-term contracts organized by the company Bursa Romana de Marfuri S.A. - in force from 10 June 2022**

- The order envisages the establishment of an organized framework for the trading of electricity on the Market of futures contracts, through electronic trading platforms managed by the company Bursa Romana de Marfuri S.A. (BRM).

**ANRE Order no. 92/2022 - order regarding the modification and completion of the Regulation for calculation and settlement of imbalances of the parties responsible for balancing - single imbalance price, approved by ANRE Order no. 213/2020 and for the modification of some orders of ANRE - in force from 1 July 2022.**



- new articles on the distribution of additional costs / revenues from balancing the system;
- it is proposed to reduce from 6 months to 2 months the term in which the participant can reasonably request the correction of the settlement, from the posting on the dedicated computer platform of the information note for settlement;
- implementation of the 400 kW installed power limit for prosumers, from which the supplier no longer assumes responsibility for balancing;
- the order is applied starting with 1 July 2022 in which the calculations are performed to settle the BRP imbalances for the delivery month June 2022.

### **Investments**

At the end of the first quarter of 2022, the operator Distribuție Energie Electrică România (DEER) made and put into operation investments amounting to RON 122.6 mn, representing 21% of the value of the commissioning program planned for 2022 (RON 587.1 mn, of which RON 558.5 mn plan for 2022, and RON 28.6 mn values related to 2021 plan); RON 91.3 mn from the 2022 plan and RON 17.0 mn recoveries related to 2021 and 14.3 mn additional works compared to the 2022 plan, resulting from legislative changes regarding the connection. For the accomplishment of some additional works compared to the plan, for the connection of the users, expenses of RON 46.6 mn were estimated in CAPEX, considering the legal requirements introduced by the Emergency Ordinance no. 143/28.12.2021 for the amendment and completion of the Law on electricity and natural gas no. 123/2012, as well as for the modification of some normative acts.

## **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 2021, 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 2022, 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

In 2022, with an impact on the activity of supplying electricity and natural gas, the following normative acts were adopted:

- **GEO no. 143/2021** for the amendment of the Law on electricity and natural gas no. 123/2012, in force since 31 December 2021:
  - the ordinance mainly aims at transposing *Directive (EU) 2019/944 on the internal market in electricity*, including amendments / completions regarding, mainly:
  - provision of universal service (SU): by any provider on the competitive market (by providing the obligation regarding the elaboration of offers for SU and the provision of SU, upon request), only to domestic customers;
  - electricity supply price: elimination of the provisions regarding the regulation / approval of supply prices to final customers; mention, however, of the possibility of interventions in price formation for the protection of vulnerable customers or those in energy poverty, in compliance with certain conditions and notification to the European Commission;
  - wholesale electricity market: elimination of the obligation for transactions on this market to take place in a public and centralized manner; the new provisions explicitly mention "directly negotiated bilateral transactions";
  - obligations (various) suppliers: abrogation of the provisions regarding the establishment of single physical contact points at max. 50 km for customers receiving universal service;
  - (various) supplier rights: introduction of the possibility for suppliers to charge final customers (without distinction) commissions for the termination of supply contracts concluded for a determined duration and with fixed prices, in case of their early termination by the customer; introducing the possibility of charging a commission for changing the supplier, less for domestic customers and small businesses;
  - change of electricity supplier: introduction of the 24-hour supplier change deadline until 2026 and on any working day; providing for the right of customers to collectively change their supplier;
  - standard offers for electricity/price comparators: extension of suppliers' obligations regarding the elaboration of standard offers and their loading in the ANRE price comparator to include micro-enterprises (i.e. the enterprise that has less than 10 employees and whose figure annual business and / or whose total annual balance does not exceed EUR 2 mn) with an estimated annual consumption below 100,000 kWh;
  - deceptive / incorrect commercial practices in the activity of supplying electricity / natural gas: maintaining the contravention found by ANRE only in relation to the non-domestic client and eliminating the correlative fine for non-compliance, from turnover and replacement with a fixed amount fine; for the relationship with the domestic clients, the commission of the contravention will be ascertained by the National Authority for Consumer Protection (ANPC);
  - electricity and natural gas invoicing: obligation to issue the regularization invoice for household customers once at max. 3 months, contravention for non-compliance, sanctioned with a fine;
  - ban on electricity disconnection: introduction of the possibility for ANRE to provide for other cases of non-disconnection in addition to those provided for vulnerable customers;
  - contraventions: return to the definition of the contravention committed repeatedly as implying the commission of at least twice the same contravention act, during 12 consecutive months (compared to the commission of at least twice before);
  - prosumers: introduction of quantitative compensation (compared to previously only financial compensation), increase of power limits.

- **GEO no. 118/2021** regarding the establishment of a compensation scheme for the consumption of electricity and natural gas for the cold season 2021-2022, approved with modifications and completions by Law no. 259/2021:
  - the provided support scheme will be applied for the period November 2021- March 2022 and was established in the context of the price increase on the international electricity and natural gas markets, as well as of the effects caused by these increases for the Romanian population;
  - the following consumer support schemes are provided:
    - compensation for household customers if it falls within the maximum consumption limits provided for the entire application period (i.e. 1,500 kWh for electricity, 1,000 m3 for natural gas), respectively monthly and in the reference price of 0.68 RON/kWh for energy electricity, respectively 125 RON/MWh for natural gas; the value of the compensation is 0.291 RON/kWh for electricity, respectively 33% of the natural gas bill;
    - exemption from the payment of regulated tariffs, other contributions and excise duties for SMEs, individual medical practices and other liberal professions, micro-enterprises, authorized natural persons, individual enterprises, family enterprises (i.e. regulated introduction/withdrawal tariffs, distribution tariff, system services tariff, transport tariff, green certificates, contribution for high efficiency cogeneration and excise - for electricity; transport cost, distribution tariff and excise - for natural gas);
    - final price cap billed at maximum 1 RON/kWh, of which the price component of electricity of max. 0.525 RON/kWh for electricity, respectively no more than 0.37 RON/kWh, of which the price component of natural gas of max. 0.250 RON/kWh for natural gas for domestic customers, public and private hospitals, public and private educational units and nurseries, non-governmental organizations, religious units, public and private providers of social services;
    - suspension of payment of bills - on request, only for vulnerable consumers, for a period of min. 1 month and max. 6 months;
    - mechanisms are also provided for the settlement of the amounts related to the support schemes from the state budget to the electricity and natural gas suppliers.
  
- **GEO no. 2/2022** regarding the establishment of social protection measures for employees and other professional categories in the context of prohibition, suspension or limitation of economic activities, determined by the epidemiological situation generated by the spread of SARS-CoV-2 coronavirus, as well as for amending and supplementing normative acts:
  - the ordinance provides for amendments and completions of GEO no. 118/2021 as follows:
  - extending the scope of application of the ceiling by including in the category of beneficiaries and public cultural institutions and cultural establishments subordinated to the central and local public administration authorities;
  - the provision of the interdiction to disconnect or interrupt, until 30 June 2022, the supply of electricity for non-payment of household customers;
  - the provision, in case of invoices that do not comply with the legal provisions regarding the application of the support schemes (compensation, exemption, capping), of their ex officio restoration in max. 15 days from the date of issue. For the invoices already issued, the deadline for their restoration is 15 days from the entry into force of this GEO, so until 3 February 2022 (inclusive). Also, the execution of the obligation to pay the invoices being recalculated is suspended, until the issuance of the new invoices.
  
- **GEO no. 3/2022** for the amendment and completion of GEO no. 118/2021:
  - are provided, with the application between 1 February and 31 March 2022 the following amendments and completions of GEO no. 118/2021:

- increasing the consumption margin for granting compensation, from 300 kWh/month (+10%) to 500 kWh/month (+10%) for electricity and from 200 m3/month to 300 m3/month for natural gas;
  - changing the capped price for domestic customers (from 1 RON/kWh to 0.8 RON/kWh for electricity and from 0.37 RON/kWh to 0.31 RON/kWh for natural gas) and introducing the capping for all customers non-household appliances (1 RON/kWh for electricity and 0.37 RON/kWh for natural gas);
  - the capping still targets both the final price and the purchase component of electricity/natural gas: for domestic customers - 0.8 RON/kWh the final price for electricity, of which 0.336 RON/kWh the price component of electricity; 0.31 RON/kWh final price for natural gas, of which 0.200 RON/kWh natural gas price component; for non-household customers: 1 RON/kWh final price for electricity, of which 0.525 RON/kWh price component of electricity; 0.37 RON/kWh final price for natural gas, of which 0.250 RON/kWh natural gas price component;
  - the recovery of the capped amounts will be made according to the thresholds indicated above, corroborated with the application period: from 1 November 2021 to 31 January 2022, by the difference between the average monthly purchase price and the threshold of 525 RON/MWh for electricity and 250 RON/MWh for natural gas. From 1 February the recovery is made: for household customers - by the difference between the average monthly purchase price and the threshold of 336 RON/MWh for electricity and 200 RON/MWh for natural gas; for non-household customers - due to the difference between the average monthly purchase price and the threshold of RON 525 for electricity and 250 RON/MWh for natural gas.
- **Joint order of the Minister of Labor and Social Solidarity (no. 183 / 14.02.2022), the Minister of Energy (no. 112 / 12.02.2022) and the Minister of Finance (no. 173 / 15.02.2022)** for approving the procedure and deadlines for the settlement of the amounts related to the compensation scheme, the documents based on which the settlement is made, as well as other measures necessary for the application of the provisions of the Government Emergency Ordinance no. 118/2021:
    - it is applied for the settlement requests of the amounts related to the compensation scheme, submitted or re-deposited after the date of entry into force of the order, the previously submitted settlement requests are solved according to the norms applicable at the date of their submission;
    - repeals the Order of the Minister of Labor and Social Solidarity, of the Minister of Energy and of the Minister of Finance no. 1,155/1,240/1,480/2021;
    - clarifications are provided regarding the application of the support schemes and the settlement to the suppliers of the afferent amounts; the deadline for requesting payment of compensation by suppliers is 31 July 2022;
    - compensation scheme for household customers: the documents to be sent by the suppliers for settlement and the related terms are provided (the documents refer to a single calendar month and are prepared separately for electricity/natural gas);
    - scheme for exemption of non-household clients from the payment of regulated tariffs, excise duties, contributions, etc. - the following are provided: the documents that must be sent by the suppliers for settlement; a model application and self-declaration; the fact that, when the supplier changes, the compensation is made pro rata;
    - capping - it is provided that: the subscription (the equivalent value of the subscription services) is not included in the final invoiced price capped the average price from the settlement formula refers to the quantities purchased by each supplier; the difference for settlement will be calculated monthly.
  - **GEO no. 27/2022** regarding the measures applicable to final customers in the electricity and natural gas market during the period 1 April 2022— 31 March 2023, as well as for the modification and completion of some normative acts in the energy field:

- the application period of the support scheme (ceiling type) is 1 year, respectively 1 April 2022 – 31 March 2023.
- for electricity the final invoiced price is: maximum 0.68 RON/kWh (VAT included) for household customers with average monthly consumption (achieved at the place of consumption in 2021) less than or equal to 100 kWh, maximum 0.8 RON/kWh (VAT included) for household customers with average monthly consumption between 100 kWh and 300 kWh inclusive, maximum 1 RON/kWh (VAT included) for non-household customers (the classification of household customers is based on the average monthly consumption In 2021, capped prices will apply for the entire period regardless of the amount consumed. In the case of household customers who did not initially qualify for capping but whose consumption in 2022 falls, suppliers issue in February 2023 regularization invoices using capped price for the tranche in which it consumed).
- for natural gas the final invoiced price is: maximum 0.31 RON/kWh (VAT included) for domestic customers, maximum 0.37 RON/kWh (including VAT) for non-household customers whose annual natural gas consumption is achieved in the year 2021 at the place of consumption is at most 50,000 MWh for thermal energy producers.
- customers connected after 1 January 2022 will be billed with a ceiling: household electricity customers with 0.68 RON/kWh (with the minimum ceiling), domestic gas customers with 0.31 RON/kWh (category ceiling), non-household customers of electricity with 1 RON/kWh (category ceiling) and non-household customers of natural gas with 0.37 RON/kWh (regardless of consumption).
- customers who do not fit in the ceiling will have adjustable prices per month, the variable being a correction component for the purchase price, so that the cost of the purchase (with PE within 5%) to be transferred to final customers. The only exception is the first two months of the application period, when the price is not adjustable. At the request of the final customers, the suppliers may conclude supply contracts in other conditions than those provided in the article that refers to the uncapped customers.
- the subscription is included in the ceiling; if the price from the contracts in force concluded with the final clients is lower than the capped price, the contractual price is applied.
- the supply component is 73 RON/MWh for the electricity supply activity and 12 RON/MWh for the natural gas supply activity and for the customers taken over in the last resort regime it is 80 RON/MWh for the electricity supply activity and 13.5 RON/MWh for the natural gas supply activity (GEO establishes the value of the supply component, without specifying that it is a maximum).
- for the purchase of electricity and natural gas, the monthly imbalance must not exceed 5% of the equivalent value of the energy delivered monthly to the final clients in the portfolio, which exceeds this threshold will not be recognized and settled; the purchase made for the supply in the last resort regime does not have the balancing cost limited to 5%; the obligation to set up storage deposits of at least 30% of the amount of natural gas necessary for the consumption of final customers from its own portfolio appears between 1 April and 31 October 2022.
- the recovery of the amounts from the capping is made entirely with the condition of respecting the 5% limit of the cost with the imbalances; losses recorded from the application of the support scheme between 1 November 2021 - 31 March 2022 can also be recovered (a supply cost of 73 RON/MWh is accepted and we have the cost limitation with imbalances to 5% of the acquisition cost) - because its recovery or at a high level it is necessary to bill all consumption, including SoLR, until the beginning of May.
- the supplier has the obligation to notify the clients regarding the changes deriving from the application of the GEO provisions together with the first invoice sent after the entry into force (the fine is between RON 100 th and RON 400 th).
- Fines: between 1-5% of turnover for non-compliance with the ceiling and cost limits; between RON 20 th – RON 400 th for non-compliance with the provisions for supply in the last resort regime; between RON

100 th and RON 400 th if we do not inform the final clients, if we do not keep differentiated/segmented the monthly records of the clients, we do not identify the clients in order to apply the ceilings or if we do not send the documents requested by ANRE.

- **GEO no. 42/2022** for the amendment and completion of the Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market during the period 1 April 2022— 31 March 2023, as well as for the modification and completion of some normative acts in the energy field:
  - the deadline for submitting documents for the recovery of the amounts capped is extended by applying GEO 118/2021 from 15 May to 15 July 2022;
  - ANRE publishes reporting models in order to settle the capped amounts, models that are drawn up for each category of clients that benefit from capping (average unit costs must be calculated both for the regulated network tariffs and for taxes); a fine of RON 50 th was introduced for non-compliance with the instructions for uploading the models and for non-compliance with the deadlines for rectifying the data uploaded on the computer platform and re-submitting the requests/declarations for settlement;
  - in the category of non-household natural gas customers that benefit from capping are also the producers of thermal energy without exceptions.
- **Joint Order no. 668/315/965/2022** - Order of the Minister of Labor and Social Solidarity, of the Minister of Energy and of the Minister of Finance regarding the amendment and completion of the annex to the Order of the Minister of Labor and Social Solidarity, of the Minister of Energy and of the Minister of Finance no. 183/112/173/2022 for the approval of the procedure and terms of settlement of the amounts related to the compensation scheme, of the documents based on which the settlement is made, as well as of other measures necessary for the application of the provisions of the Government Emergency Ordinance no. 118/2021 regarding the establishment of a compensation scheme for the consumption of electricity and natural gas for the cold season 2021-2022, as well as for the completion of the Government Ordinance no. 27/1996 on granting facilities to persons residing or working in some localities in the Apuseni Mountains and in the "Danube Delta" Biosphere Reserve:
  - the annex is amended and supplemented with provisions regarding the updating of the value of green certificates by submitting an application by suppliers and introducing a new chapter detailing aspects regarding the settlement procedure as a result of the regularization procedure provided after the end of GEO 118, respectively after 31 March 2022 (request for settlement of the amounts related to the compensation for each calendar month for which the regularization settlement is requested, declaration on one's own responsibility).
- Regarding the legislation related to the energy sector in the first quarter of 2022, in the context of the COVID-19 pandemic, the government decided to successively extend the state of alert until 9 March 2022 by GD no. 1242/2021, GD no. 34/2022 and GD no. 171/2022.
- **Law no. 206/2022** for the approval of the Government Emergency Ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market in the period 1 April 2022—31 March 2023, as well as for the amendment and completion of some normative acts in the field of energy
 

The main new elements are the following:

  - a single invoice form will be introduced, elaborated by joint Order of ANRE and ANPC;
  - final electricity customers, who do not benefit from capping, are invoiced the minimum of the price from the supply contract in force and the final price resulting from the application of the GEO;
  - final natural gas customers are billed the minimum of the contract price, the capped final price and the price resulting from the application of the GEO.

- **GEO no. 112/2022** regarding the institution of measures to stimulate investments with financing from non-refundable external funds in the field of energy efficiency, renewable energy resources for large enterprises and small and medium-sized enterprises, green energy from renewable sources intended for local public authorities, as well as some measures in the field of intelligent specialization, as well as for the modification and completion of some normative acts:
  - regulates the general framework for the establishment of energy efficiency measures/use of renewable energy sources for large enterprises and SMEs with financing from non-reimbursable external funds allocated within the Large Infrastructure Operational Program;
  - amends and completes GEO 27/2022 with provisions regarding the elaboration and approval by ANRE with the consultation of ANPC of the mandatory minimum content of natural gas/electricity invoices so that the invoices contain correct, transparent, clear, legible and easy-to-understand information, which offer household customers the opportunity to adjust their own consumption and compare the commercial conditions of supply, respectively the suppliers have the obligation to implement in the computer system the provisions regarding the unitary invoice starting with the consumption in April 2023.
- **Law no. 248/2022** regarding the approval of the Government Emergency Ordinance no. 143/2021 for the amendment and completion of the Electricity and Natural Gas Law no. 123/2012, as well as for the modification of some normative acts.

#### **b) Secondary legislation:**

During the reference period, at the level of the regulatory framework, the following changes and completions were registered:

- **ANRE Order no. 1/2022** for the abrogation of ANRE Order no. 32/2016 on the approval of the Methodology for drawing up the Annual Report by licensees in the electricity and heat sector:
  - the obligation of the license holders (including the suppliers) to prepare and send to ANRE the annual report regarding the activities that are the object of the license has been eliminated.
- **ANRE Order no. 3/2022** for the approval of the Regulation on the organization and operation of the online platform for changing the electricity and natural gas supplier and for contracting the supply of electricity and natural gas:
  - application deadline - 28 August 2022;
  - initiative in order to achieve the objective provided by the European legislation regarding the change of supplier in 24 hours, starting with the year 2026;
  - ANRE is the administrator and operator of the platform in which data will be uploaded by end customers, suppliers, network operators, aggregators, etc. (including standard offers of suppliers), which will facilitate



the process of changing the supplier by going through the necessary administrative and technical stages and through which customers will be able to contract a new supplier;

- The regulation describes also the rules regarding the conclusion of the supply contract, respectively the effective procedure for changing the supplier, which will replace the procedure in force.
- **ANRE Order no. 4/2022** for the amendment and completion of ANRE Order no. 143/2020 regarding the obligation of producers whose annual production achieved in the previous year exceeds 3,000,000 MWh to offer natural gas on the centralized markets of natural gas:
  - the quantitative weight provided for the period 1 January – 31 December 2022 and distributed in order to be offered on each of the standardized products was modified.
- **ANRE Order no. 12/2022** - for the approval of the Procedure regarding the establishment and individualization of the contravention sanctions related to the turnover resulting from the control activity:
  - the procedure aims to establish the necessary rules for establishing and individualizing the contravention sanctions related to the turnover provided in the Law on electricity and natural gas no. 123/2012;
  - the individualization of the sanctions is made according to the gravity and duration of the deed, the impact produced on the electricity or natural gas market, and of the final customer, respecting the principles of effectiveness, proportionality and the discouraging effect of the sanction;
- **ANRE Order no. 13/2022** - for the approval of the Procedure regarding the establishment and individualization of the contravention sanctions related to the turnover, by the Regulatory Committee of the National Energy Regulatory Authority, as a result of the investigation actions:
  - the procedure aims at establishing and individualizing the contravention sanctions related to the turnover provided in the Law on electricity and natural gas no. 123/2012 and applies to the investigation activities carried out by ANRE in the electricity and natural gas sector.
- **ANRE Order no. 14/2022** regarding the establishment of the mandatory quota for the acquisition of green certificates related to the year 2021:
  - the mandatory quota for 2021 was set at the level of 0.449792 GC/MWh (compared to 0.4505 GC/MWh the estimated quota for 2021 and 0.45074 GC/MWh the mandatory quota for 2020).
- **ANRE Order no. 15/2022** for the approval of the Methodology for establishing the rules for the sale of electricity produced in power plants from renewable sources with installed power of up to 400 kW per place of consumption belonging to prosumers:
  - enters into force on 1 May 2022 and repeals 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 power of up to 100 kW belonging to prosumers
  - suppliers must notify the prosumers with whom they already have contracts (with P<100kW) regarding the modification of the applicable legal framework and the possibility to benefit on request from the quantitative compensation mechanism; at the request of the prosumers, the suppliers must send the signed contracts within 10 days;
  - for the application on request of the quantitative compensation mechanism, the installed electric power of the power plant for the production of electricity from renewable sources is at most 200 kW per place of consumption; the quantitative compensation is made at the price of active electricity, and the eventual



surplus is carried forward for a maximum of 24 months - after this period, the unused quantity will enter the process of financial regularization.

- for the application on request of the financial regulation mechanism, the installed electric power of the power plant for the production of electricity from renewable sources is higher than 200 kW, but not more than 400 kW per place of consumption; for financial compensation the reference is the weighted average market price for the next day of the month in which the electricity was produced and delivered
- **ANRE Order no. 24/2022** on the amendment of the Regulation for the granting of licenses and authorizations in the electricity sector, approved by the Order of the President of the National Energy Regulatory Authority no. 12/2015:
  - ANRE may grant several licenses to the operators of the electricity market, depending on the requests (amends the regulation in order to rename the type of license granted to the operator of the electricity market and to eliminate the legal prohibition of issuing a single license of this type on the electricity market in Romania).
- **ANRE Orders no. 27 - 31/2022** for the amendment of the annex to the ANRE Orders no. 118 - 123/2021 on the approval of the specific tariffs for the electricity distribution service and the price for the reactive electricity, for the Company Delgaz Grid — S.A./Societatea Distribuție Energie Electric Romania — S.A./Societatea Distribuție Energie Oltenia — S.A./Societatea E-Distribuție Banat — S.A./Societatea E-Distribuție Dobrogea — S.A./Societatea E-Distribuție Muntenia — S.A.
  - the new tariffs are applicable from 1 April 2022;
  - the low voltage tariffs for Distribuție Energie Electrica Romania are higher by 17% - 25% compared to the first quarter of 2022 (there were increases for all categories respectively the lowest of 9.1% at HV – Transilvania Nord and the highest by 30.2% at MV-Muntenia Nord).
- **ANRE Order no. 25/2022** amending and supplementing the Order of the President of the National Energy Regulatory Authority no. 163/2015 for the approval of the General Conditions associated with the license for the management of the centralized electricity markets.
  - extending the scope of the general conditions associated with the license for the activity of the electricity market operator, in order to create the premises for granting this type of license to other operators of the electricity market;
  - differentiation and clear specification of the rights and prohibitions of the quality of EMO (Energy Market Operator) or the quality of DEMO (Designated Electricity Market Operator).
- **ANRE Order no. 33/2022** for the amendment of Annex no. 1 of the Order of the President of the National Energy Regulatory Authority no. 124/2021 on the approval of the average tariff for the electricity transmission service, of the transmission tariff components for the introduction of electricity into the grid (TG) and for the extraction of electricity from the grid (TL), of the tariff for the system service and of the regulated price for reactive electricity, practiced by the National Electricity Transmission Company "Transelectrica" — S.A.
  - the new tariffs are applicable from 1 April 2022;
  - the average tariff for the electricity transmission service is higher by 17.3%, the transmission tariff - the component of electricity introduction into the grid is higher by 69.8% (TG is – 2.53 RON/MWh), the

transmission tariff - the component for extracting electricity from the network is higher by 13.8% (TL is – 25.57 RON/MWh) compared to the first quarter of 2022.

- **ANRE Order no. 64/2022** for amending and supplementing the Performance Standard for the electricity distribution service, approved by the Order of the President of the National Energy Regulatory Authority no. 46/2021.
  - the reading interval of the index of the metering group is established by contract and can be more than one month, but it should not exceed 3 months in the case of household customers and 6 months in the case of non-household final customers, for prosumers it is a calendar month, for users who benefit from intelligent electricity metering systems The DO has the obligation to ensure access to historical consumption data (non-compliance with these terms leads to payment of some compensations);
  - establishes a timetable for monitoring stations and transformation points - the final implementation deadline is 01 January 2028.
- **ANRE Order no. 65/2022** for the approval of the Regulation on the organized framework for contracting electricity by large final customers
  - simplification of the organized framework for contracting electricity for large final customers of electricity (with an annual consumption of more than 70,000 MWh) established by ANRE Order no. 55/2012: elimination of the obligation to use the framework contract, extension of market participation by accepting TSO and OD exclusively for the acquisition of NL, reduction of the average power per settlement range from 10 MW to 5 MW, the possibility for the per settlement interval with a maximum of 0.5 MW per settlement interval, minimum delivery time of one month, elimination of the public negotiation stage.
- **ANRE Order no. 66/2022** for the approval of the Methodology regarding the determination of the level of the minimum natural gas stock that the licenses holders of the natural gas supply have the obligation to lodge in the period April 2022 — October 2022
  - the quantities of natural gas representing the minimum stocks to be stored by each supplier in the period April 2022 - October 2022 represent at least 30% of the quantity of natural gas required for the consumption of final customers in its portfolio for the period 1 November 2022 - 31 March 2023 (are

established reporting models with the quantity broken down for each month and category of consumers and monitoring models with the level of fulfillment of the natural gas storage obligation).

- **ANRE Order no. 67/2022** regarding the application in April 2022 of the provisions of art. 23 of the Methodology for determining and monitoring the contribution for high efficiency cogeneration, approved by the Order of the President of the National Energy Regulatory Authority no. 117/2013
  - during April 2022 ANRE analyzes the value of the contribution for cogeneration, and if it varies by more than +/- 2.5% compared to the value in force, until 30 April 2022 the new value of the contribution will be approved by ANRE order for the year 2022.
- **ANRE Order no. 69/2022** for the amendment of the Order of the President of the National Energy Regulatory Authority no. 123/2017 regarding the approval of the contribution for high-efficiency cogeneration and some provisions regarding its invoicing method
  - starting from 1 May the contribution for high-efficiency cogeneration has the value of 0.02044 RON/kWh, exclusive of VAT.
- **ANRE Order no. 73/2022** for the amendment of the Regulation on the organized framework for electricity contracting by large final customers, approved by the Order of the President of the National Energy Regulatory Authority no. 65/2022
  - the possibility of introducing initiatory offers by producers participating in the market.
  - the removal of the specification according to which the final large customer of electricity includes the transport and system operator and the distribution operators who purchase, individually or through aggregation, electricity to cover their own technological consumption, they can participate in the market from the position of final customer.
- **ANRE Order no. 72/2022** for the approval of the Regulation on the storage of natural gas in the natural gas transport system
  - the regulation includes: natural gas storage methods (natural gas storage in the natural gas transportation system, in the natural gas transportation pipeline, in high-pressure annular distributors and in above-ground metal tanks), the calculation of the energy of the existing natural gas in the pipelines ST related transport and ST monitoring.
- **ANPC Order no. 155/2022** – Order for the approval of the Procedure for establishing and applying the sanction to the turnover resulting from the control activity applied between 1 April 2022 and 31 March 2023 and for the approval of the instructions regarding the work procedure.
  - the individualization of sanctions is done according to the gravity and duration of the act, the impact produced on the market and energy consumers, respecting the principles of effectiveness, proportionality and the dissuasive effect of the sanction applied. The evaluation of the seriousness of the commission of an act is done on a case-by-case basis, for each type of violation, taking into account all the relevant circumstances.
- **ANRE Order no. 76/2022** on the approval of the Performance Standard for the underground natural gas storage service
  - the following general performance indicators are established: IP0 (registration of requests/reports/complaints regarding the underground gas storage service), IP1 (contracting of the gas storage service and compliance with the conditions for handing over the quantities of gas), IP2 (notification

of limitations and /or unplanned interruptions and the resumption of the provision of the underground gas storage service), IP3 (notification of planned limitations and/or interruptions and the resumption of the provision of the underground gas storage service), IP4 (settlement of requests/reports/complaints regarding the provision of the underground gas storage service gn, other than those treated separately in this standard), IP5 (Tel Verde), IP6 (realization of the obligation to pay the compensations due in accordance with the provisions of the performance standard for the underground natural gas storage service)

- **ANRE Order no. 79/2022** — Order for the approval of the Regulation on the organization and operation of the electricity futures contract market, organized by Societatea Bursa Romana de Marfuri — S.A.
  - establishes the organized framework for electricity trading on the electricity futures contract market, through electronic trading platforms managed by the Romanian Commodity Stock Exchange - S.A. (the simple competitive trading mechanism - for the launch of the standard product for trading, the participant sends an initiating order to the BRM, the double competitive trading mechanism
  - the launch of the standard products for trading is done on the initiative and by the BRM so that they are available for trading at any time consecutive term contracts for: the first 6 calendar months, the first 5 calendar quarters, the first 3 calendar semesters, the first 2 calendar years).
- **ANRE Order no. 80/2022** - Order for the modification and completion of some orders of the president of the National Energy Regulatory Authority.
  - the Network Code for the National Natural Gas Transmission System is amended - URs have the obligation to enter on day D+1, for gas day D-1, sales and purchase orders in the sense and within the limit of the daily imbalance communicated by the OTS, respectively sale in case of surplus and purchase in case of deficit.
  - the Methodology for reserving transport capacity for Isaccea - Negru Voda and Isaccea 1 - Negru Voda 1 is modified.
- **ANRE Order no. 91/2022** — Order for the approval of the Regulation on the last resort supply of electricity
  - have been unified in a single regulation Regulation on the designation of last resort suppliers of electricity
  - Ord. ANRE no. 188/2020, Regulation on the takeover by suppliers of last resort of the places of consumption of end customers who have not secured the supply of electricity from any other source - ANRE Ord. no. 242/2020 and the framework contract for the supply of electricity to final customers taken over by the supplier of last resort.
  - the introduction of the obligation of the SoLR that has the largest market share in a network area, to take over the places of consumption that, on the date of entry into force of ANRE Order no. 91/2022, do not have a supply contract, and which are not disconnected;
  - the introduction of an alternative system for the nomination of SoLR that automatically takes over clients consisting of a monthly rotation system. Thus, for this purpose, the SoLR list is established in descending order of market share, each SoLR in the list being nominated in turn, monthly, to automatically take over the customers who are left without a supplier that month. For periods when no support measures are imposed by primary legislation, the nomination system implies the obligation of the SoLR to transmit the final price at least 7 days before the month for which the nomination is made, so that the SoLR Nomination List is known , within a period that allows the transmission of the takeover request;
  - the introduction of automatic takeover by the nominated SoLR of non-domestic customers with a power approved by the technical connection notice/connection certificate of no more than 1 MVA, in the event of termination of the electricity supply contract by reaching the deadline or by termination by the current supplier ;

- limiting the period in which a customer can be in the portfolio of an SoLR, namely 12 months in the case of household customers and non-household customers with a power of up to 1 MVA, and 6 months in the case of non-household customers with a power of over 1 MVA. 30 days prior to the date of termination of the contractual relationship, SoLR notifies customers of the termination of the supply of electricity, or as the case may be, the extension of the supply period, specifying the period for which it ensures the supply of electricity. If at the end of the period, clients have not been able to conclude a contract in the competitive market, they can still benefit from the services of an SoLR if they so request.

- **ANRE Order no. 90/2022**— Order on the amendment and completion of the Order of the President of the National Energy Regulatory Authority no. 52/2021 for the approval of the Monitoring Methodology of the system for promoting the production of electricity from renewable energy sources
  - Establishes the mode, format and frequency of data reporting: information on electricity sales-purchase contracts concluded with prosumers that own power plants producing electricity from renewable energy sources, respectively the amount of electricity that benefits from quantitative compensation ( $P_i < 200$  kW), information regarding the electricity sale-purchase contracts concluded with prosumers who own power plants producing electricity from renewable energy sources, respectively the amount of electricity that benefits from financial regularization ( $P_i$  200 kW and 400 kW), information on bilateral contracts negotiated directly for the sale and purchase of electricity concluded with prosumers.
- **ANRE Order no. 94/2022** — Order amending some orders of the president of the National Energy Regulatory Authority in the field of promoting electricity from renewable energy sources
  - modification of the threshold of electrical power installed in power plants from renewable energy sources belonging to prosumers, from 100 kW to 400 kW per point of consumption (amendment of ANRE Order no. 179/2018)
  - amending the Regulation on the organization and operation of the green certificate market - ANRE Order no. 77/2017, in the sense of specifying the two major categories of economic operators participating in the green certificates market, the accredited producers of electricity from renewable energy sources and the economic operators with the obligation to purchase green certificates.
- **ANRE Order no. 92/2022** — Order on the amendment and completion of the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing — single imbalance price, approved by the Order of the President of the National Energy Regulatory Authority no. 213/2020, and for the amendment of some orders of the president of the National Energy Regulatory Authority
  - the redistribution was reintroduced, i.e. the rules for calculating additional costs/revenues from balancing the system, how to distribute their value to each party responsible for balancing (PRE) and aspects related to the information note on settlement, invoicing and payments are provided.
  - the reduction from 6 months to 2 months of the term in which the participant can request the correction of the settlement with arguments, from the posting on the dedicated IT platform of the information note for the settlement, which will lead to an increase in the degree of responsibility of the participants in the balancing market.
- **ANRE Order no. 95/2022** — Order on the amendment and completion of the Order of the President of the National Energy Regulatory Authority no. 15/2022 for the approval of the Methodology for establishing the rules for the sale of electricity produced in power plants from renewable sources with an installed power of no more than 400 kW per place of consumption belonging to prosumers
  - modify ANRE Order no. 15/2022 in the sense that it brings clarifications regarding the average purchase price of energy produced and delivered by prosumers, in accordance with the provisions of GEO 27/2022, with subsequent amendments and additions, the invoicing method and the elements highlighted in the invoices;

- for the energy consumed by prosumers as customers, we have clarifications regarding the final billed price;
- for the sale-purchase contract of electricity produced in power plants from renewable energy sources with an installed electric power of no more than 200 kW per place of consumption and delivered to the electricity network - the contract price is the price of the active electricity used by the electricity supplier electricity in the supply contract concluded with the prosumer as a consumer, during the billing period, established according to the methodology;
- for the sale-purchase contract of electricity produced in power plants from renewable energy sources with an installed power of more than 200 kW, but not more than 400 kW per point of consumption and delivered to the electricity network - the contract price is equal to the weighted average price recorded in the market for the following day in the month in which electricity was produced and delivered to the electricity network, published by OPCOM.

- **ANRE Order no. 96/2022**— Order for the approval of the Methodology for establishing the mandatory annual quota for the purchase of green certificates
  - the methodology establishes: the method of calculation of the estimated mandatory annual share of the purchase of green certificates for the following year, the method of calculation of the number of green certificates related to the non-fulfillment of the estimated mandatory annual share of green certificates, for each analysis quarter, by the economic operators with obligation to purchase green certificates, how to calculate the mandatory annual quota for the purchase of green certificates for the year of analysis, how to calculate the number of green certificates related to the non-fulfillment of the mandatory quota for the purchase of green certificates for the year of analysis by economic operators with obligation to purchase green certificates.
  - provisions were introduced for the exemption from the quarterly and annual legal obligation to purchase green certificates of prosumers and producers who own electricity production units from renewable sources according to the provisions of art. 731 para. (7) from the Electricity and Natural Gas Law no. 123/2012
  - increasing the period of transmission of errors in reporting the quantities of electricity billed/supplied, from 15 working days to 18 working days from the date of issuing the decision.

## 2.2. Summary of financial indicators

A summary of the main financial indicators is presented below:

- In the six months period ended 30 June 2022, Net result decreased by RON 251.6 mn as compared with the same period of 2021, recording a negative value of RON 175.5 mn in 2022;
- In the six months period ended 30 June 2022, EBITDA decreased from RON 357.1 mn as compared with the same period of 2021, to RON 101.3 mn, in both periods being positive;
- The cost of electricity purchased increased by RON 2,771.1 mn, or 127.9%, to RON 4,938 mn in the six months period ended 30 June 2022, compared to RON 2,166.6 mn recorded in the comparative period, mainly as a result of the increase in the electricity purchase price on the supply segment to which is added the increase in electricity costs for NL coverage for the distribution segment;
- In H1 2022, the revenue from the electricity supply segment increased by RON 1,185 mn y-o-y, or 44.8%, to RON 3,832.7 mn (out of which RON 3,804.6 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 in proportion of 82.2%;
- In H1 2022, the profit from the electricity supply segment increased by RON 194.9 mn y-o-y, to a profit of RON 212.8 mn;



- Revenue from the distribution segment increased by RON 277.5 mn, or 21.7%, to RON 1,558.1 mn (out of which RON 804.7 mn external revenues), compared to H1 2021; the contribution of the electricity distribution segment to the Group's consolidated revenue is of 17.4%;
- In H1 2022, the result from the distribution segment decreased by RON 471.6 mn, recording a negative value of RON 392.7 mn;
- Operational result recorded in H1 2022 is amounting to RON -146.9 mn, recording a decrease of RON 261.9 mn as compared with the same period of 2021, when the Group recorded an operational profit amounting to RON 115 mn;
- In H1 2022, the capital expenditure is amounting of RON 241.9 mn, recording an increase with 29%, compared to RON 187.5 mn in H1 2021, in line with the approved annual investments plans evolution and the investments plans allocation during the year;
- The Group's debt ratio increased with RON 1.885 mn in H1 2022, compared with the same period of the previous year, to RON 2.941 mn due to uses of bank overdrafts for financing the current activity.

### 2.3. Risks and uncertainties

Risk description	Mitigation risk actions
<p><b><i>Ukraine Crsis</i></b></p> <ul style="list-style-type: none"> <li>• On February 24, 2022, Russia invaded Ukraine, marking a sharp escalation of the Russian-Ukrainian war that began in 2014 with Russia's annexation of the Crimea peninsula. The invasion generated on the one hand a refugee crisis with the fastest growth in Europe since the Second World War, and on the other hand a global food crisis.</li> <li>• The Electrica Group does not own subsidiaries and affiliated entities on the territory of Ukraine, nor does it have any other relevant exposures in the countries directly involved in this conflict. From an operational point of view, the purchases of energy and natural gas are mainly made from the domestic market, availability, provenance and delivery of resources could be influenced by the dynamics of the conflict from region.</li> </ul>	<ul style="list-style-type: none"> <li>• The management's opinion is that these risks have already materialized on the market of natural gas, electricity and petroleum products. The upward trend and volatility recorded in the first 6 months of 2022 may generate consequences that are difficult to estimate at this time. Mitigation of the impact was possible in the supply activity through the compensation and capping measures established at the national level. In the distribution activity, the directly felt impact was visible through the price at which the electricity related to own technological consumption (NL) could be purchased.</li> </ul>
<p><b><i>Market risk</i></b></p> <ul style="list-style-type: none"> <li>• Market risk represents the risk that the change in energy and natural gas prices, the reference interest rate, such as share prices, interest rates or exchange rates, will affect the Group's income or the value of its holdings.</li> </ul>	<ul style="list-style-type: none"> <li>• At the level of the supply activity there are implemented policies, procedures and tools for mitigating market risks to manage and control exposures on the electricity and natural gas market. With this scope, internal projects were started to review the hedging strategy, improving the ability to forecast the demand. There was taken into consideration the adequacy to the reality imposed by the specific markets during this period: the decrease in consumption combined with the increase in purchase prices.</li> </ul>

	<ul style="list-style-type: none"> <li>Another significant risk factor in this area comes from the lack of production capacities to compensate for extreme scenarios: extremely low temperatures, drought, lack of working fronts for coal, unavailability of primary resources for renewable energy (wind, sun).</li> </ul>
<b><i>Credit and counterparty risk</i></b>	
<ul style="list-style-type: none"> <li>Credit risk represents the risk of financial losses when a counterparty / client does not meet its contractual obligations to pay invoices when they are due.</li> </ul>	<ul style="list-style-type: none"> <li>The management monitors and examines the current exposure, credit limits and counterparty ratings, established provisions.</li> <li>The current market context implies a significant pressure on the ability of counterparties in the energy market to ensure delivery on time or to pay related compensations.</li> </ul>
<b><i>Liquidity risk</i></b>	
<ul style="list-style-type: none"> <li>Liquidity risk represents the risk that the Group will not be able to meet its financial obligations when they are due.</li> </ul>	<ul style="list-style-type: none"> <li>The Group's approach to liquidity management consists in ensuring a sufficient level of liquidity for the payment of due obligations, both under normal conditions and under stress conditions, through the treasury management system through cash pooling and accessing a varied range of credit lines of the type overdraft.</li> <li>Also, the pre-financing of the support scheme for the segmental supply involves a liquidity risk, including the financing of the NL price that will be recovered through future tariffs.</li> <li>The group carefully monitors, through the treasury structures, the impact and effects on the companies' activity and financial results and has adequate resources to continue its operational activity.</li> </ul>
<b><i>Legal and regulation risk</i></b>	
<ul style="list-style-type: none"> <li>The energy and natural gas markets are regulated by local and European legislation.</li> <li>These regulations may be modified or interpreted differently by the local authorities and may affect the operational profit margins of the Group.</li> <li>This risk is also supported by the legislative history of recent years, which contains a series of laws that significantly changed energy and natural gas prices, capping elements, etc.</li> </ul>	<ul style="list-style-type: none"> <li>The group makes efforts to optimize operational efficiency in accordance with current and future regulations.</li> <li>The impact of these regulations is close to the maximum range used in the evaluation with immediate consequences in profitability at the group level</li> </ul>
<b><i>Operational risk</i></b>	
<ul style="list-style-type: none"> <li>The Group may record direct or indirect losses resulting from a wide range of factors associated with processes, service providers, technology and infrastructure, and from external factors, such as regulatory or legal requirements and generally accepted standards regarding the best practices in the field.</li> <li>Violation or failure of security and information technology systems may entail the risk of financial loss, interruption of operations or damage to the Group's reputation.</li> </ul>	<ul style="list-style-type: none"> <li>The group have implemented an operational monitoring system, documented by policies and procedures, which ensures the escalation and remediation of potential operational problems.</li> <li>In order to implement the best practices in the field, the Group will start, in the second semester of 2022, the certification procedures on the 27001 standard: Information Technology, Security Techniques, Information Security Management Systems.</li> </ul>

### 3. Organizational Structure

#### 3.1. Group Structure

As of 30 June 2022, the most significant shareholder of ELSA is the Romanian State, represented by the Ministry of Energy with a share of ownership of 48.79% from the share capital.

##### Presentation of Group subsidiaries

Subsidiary	Activity	Sole registration code	Headquarters	% shareholdings as of 30 June 2022
Distributie Energie Electrica Romania S.A. („DEER”)	Electricity distribution in geographical areas Transilvania Nord, Transilvania Sud and Muntenia Nord	14476722	Cluj-Napoca	99,99999929%
Electrica Furnizare S.A. („EFSA”)	Electricity and natural gas supply	28909028	Bucharest	99,9998415011992%
Electrica Serv S.A. („SERV”)	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucharest	99,99998095%
Electrica Productie Energie S.A („EPE”)	Production of electricity	44854129	Bucharest	99,9920%
Electrica Energie Verde 1 S.R.L.* („EEV1” – former Long Bridge Milenium SRL)	Production of electricity	19157481	Bucharest	100%*
Sunwind Energy S.R.L.	Production of electricity	42910478	Constanta	60%
New Trend Energy S.R.L.	Production of electricity	42921590	Constanta	60%

Source: Electrica

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

As at 30 June 2022, the Company's associates are the following:

Associate	Activity	Sole registration code	Head Office	% shareholdings as of 30 June 2022
Crucea Power Park S.R.L.	Production of electricity	25242042	Constanta	30%
Foton Power Energy S.R.L.	Production of electricity	43652555	Constanta	30%

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 as well as the production of electricity from renewable sources. The Group is the electricity distribution operator and the main electricity supplier in North Muntenia (Prahova, Buzau, Dambovită, Braila, Galati and Vrancea counties), North Transylvania (Cluj, Maramures, Satu Mare, Salaj, Bihor and Bistrita-Nasaud counties) and South Transylvania (Brasov, Alba, Sibiu, Mures, Harghita and Covasna counties) operating with transformer stations and power lines with voltages from 0.4 kV up to 110 kV.

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.

At the same time, EFSA is designated as a supplier of last resort in the natural gas sector, but only with the possibility of taking over the customers left without a supplier.

Regarding the electricity production segment, it is represented, mainly, 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). To this were added, during 2021, four production park projects, purchased by ELSA (three photovoltaic – with an installed capacity of 163.5 MW and a wind farm with an installed capacity of 121 MW, with attached an electricity storage capacity of 60 MWh). Also, in 2021, EPE was established, the company's activity is the production of electricity from renewable sources through the acquisition and development of projects, respectively the operation of electricity generation parks from renewable sources, cumulated with the development and operation of independent solutions storage that he intends to develop in the near future.

The establishment of the new subsidiary together with the investments in the four associates are part of the Electrica Group's strategy, which aims to develop a portfolio of electricity generation capacities from renewable sources (wind and photovoltaic) with a cumulative capacity of 400 MW, in parallel with electricity storage capacity with an installed capacity of up to 100 MW.

### 3.2. The main elements of the Strategic Plan for the period 2019 – 2023

The Strategic Plan for the period 2019 - 2023, which reflects the vision of the Board of Directors regarding the management of activities in the interest of stakeholders, in the medium and long term, was formulated following an analysis of the following areas:

- the external environment, in order to determine the main external factors with impact on the energy market and the key factors that can significantly influence the evolution of the electricity market in the future;
- industry analysis, in order to identify the trends on the energy market, to evaluate the attractiveness of the market and to determine the critical success factors necessary to compete and survive on this market;
- internal analysis of the Group, in order to evaluate the previous and current performance (in relation to other players in the market).

The Electrica Group remains dedicated to ensuring the balance between generating value for its customers and maximizing profit for shareholders, while maintaining its ambition to become a regional player in the energy field, within a culture of ethics, integrity and sustainability.

The group wants to optimize the contribution of each company to the financial objectives of the group, through a homogeneous and efficient system for risk management. In this sense, a unitary implementation of the strategy will be ensured, with coordinated strategic projects, focused on achieving the new defined objectives.

Governance and investor relations remain the focus of the Group, with continuous improvement and implementation of best practices in corporate governance and investor relations.

For the period 2019-2023, the key objectives of the Group are:

- Expanding in related fields and obtaining synergies with the fields in which the Group operates;
- Improving the operational performance in order to continuously increase the quality of services offered to customers;
- Continuing investments to improve the reliability of the infrastructure;
- Increasing the performance and consolidating the sustainability of the economic results.

In addition to the traditional areas of interest, namely electricity distribution, electricity and gas supply and energy services, there is a high interest in developing new activities, based on innovative technology, while continuing to monitor and analyze growth opportunities through mergers or acquisitions. It also aims at a closer relationship with customers, based on the development of skills, but also on an offer of products and services in line with their needs.

At the same time, the improvement of the corporate governance framework continues, with a close follow-up to the Corporate Governance Action Plan established with the EBRD since 2014.

**In the distribution segment**, as a result of the application, starting with 1 January 2021, of the new unified target organization chart, through which all structures in the area of strategic activities (asset management, energy management, integration program management, ITC&C, strategic project management), financial and support were reunited under a unique coordination at the level of the company resulting from the merger - Distribuție Energie Electrica Romania SA (DEER). In the coming years, the process of continuous adaptation and improvement of processes and support technology will continue, as defined by the approved Strategy for the distribution segment.

**In the supply segment**, the reconfiguration and modernization projects of the IT infrastructure continue at an accelerated pace. Thus, at the beginning of this year, the implementation of the SAP Hana system was carried out and currently we are working on the implementation of the SAP-ISU system and the migration of databases. At the same time, other IT&C projects aim to increase the degree of automation and digitization of internal processes, so that operational costs can be optimized.

**In the energy services segment**, after elaborating at the end of year 2020 a concept and a plan of measures for operational optimization, organizational and strategic repositioning of Electrica Serv SA, starting with 2021, it was ordered to start the gradual implementation process with a focus on developing new business lines.

**In the electricity generation segment**, the Group aims to develop a portfolio of electricity generation capacities from renewable sources (wind and photovoltaic) with a cumulative capacity of 400 MW, in parallel with electricity storage capacities with a installed capacity of up to 100 MW.

### 3.3. Key information by segments

#### **SUPPLY SEGMENT**

##### **Market data (according to ANRE Report for April 2022)**

- The supply market consists of competitive and universal segments and last resort service segment (SU and LRS);
- The universal and last resort service segment includes six nationally designated providers of last resort;
- The competitive segment includes 88 suppliers (including those of last resort with activity on the competitive segment of the retail market), of which 80 are relatively small (<4% market share).

In April 2022, EFSA is the market leader with a share of 17.23%; is also the leader on the SoLR market, with a

market share of 28.11%, on the competitive market with a share of 13.00% (according to ANRE report for April 2022). In comparison, in 2021, EFSA had a market share in the total electricity market of 18.42%; SoLR market share of 30.59% and a competitive market share of 12.72% (ANRE report for December 2021).

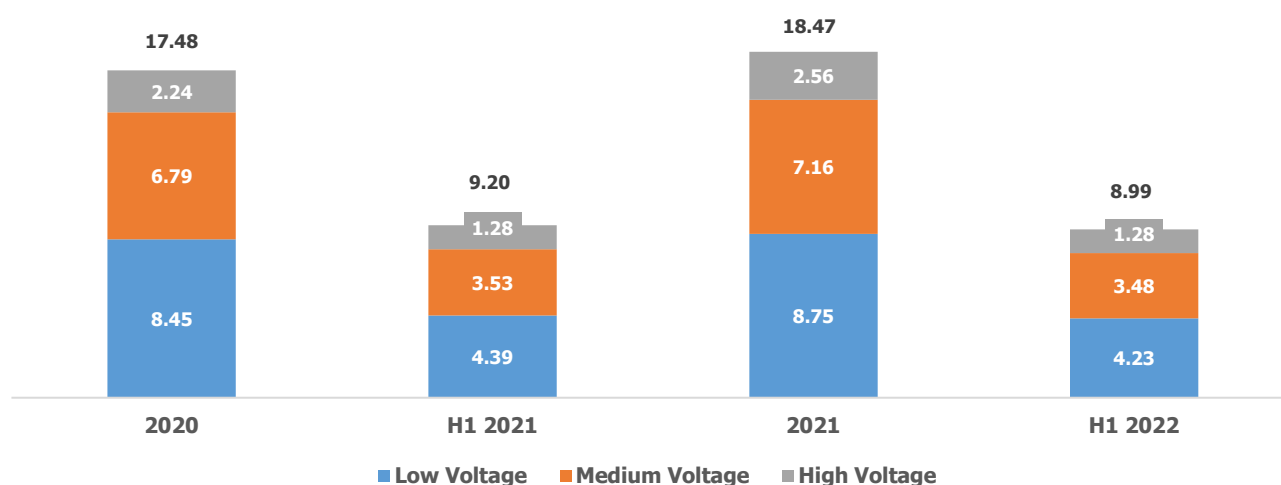
In Q2 2022, the Group supplied 4.1 TWh of electricity to approx. 3.5 mn consumption places (both in last resort and universal service regime and on the competitive market), representing a decrease of 0.10% y-o-y.

## **DISTRIBUTION SEGMENT**

### **Information for the period ended 30 June 2022**

- The estimated Regulated Assets Base (RAB) at the end of H1 2022 was RON 6 bn
- 201.082 km of electric lines – 7,601 km for High Voltage ("HV"), 46.463 km for Medium Voltage ("MV") and 147.019 km for Low Voltage ("LV")
- Total area covered: 97.196 km<sup>2</sup>, 40.7% of Romania's territory
- 3.8 mn users at the end of H1 2022 for the distribution activity
- 8,986 TWh of electricity distributed in H1 2022, a decrease of 2.3% as compared to H1 2021.

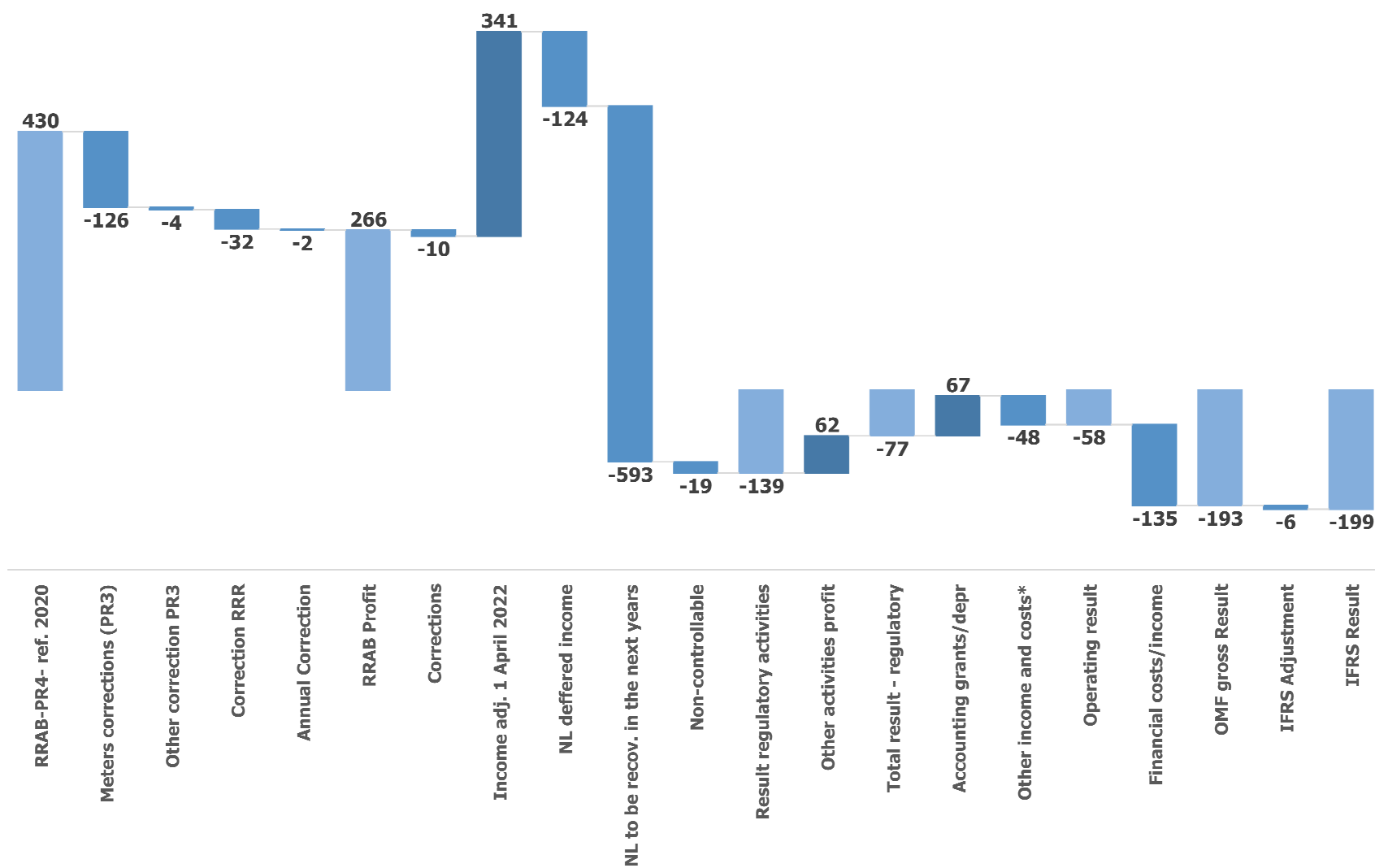
**Figure 1: Quantity of electricity distributed on voltage levels (TWh)**



Source: Electrica



Figure 2: Analysis of RRAB-OMF result distribution segment to 2022



Source: Electrica

**Relevant regulatory issues:**

At the beginning of the current PR4 regulatory period, ANRE made a total negative correction of closing the PR3 in the amount of RON (730) mn (nominal terms), respectively RON (665) mn (terms 2018), of which RON (341) mn for meters recognized as investments in RP2 (2008-2013). The meter correction was challenged in court by the distribution subsidiary of the Electrica Group, because in 2013, ANRE recognized the meters in BAR based on the principle of non-discrimination of all distribution operators, although they were not registered as fixed assets. Total negative correction afferent to PR3 in the amount of RON (730) mn (nominal terms) decreased the regulated profitability related to RP4, with an average annual value of RON (146) mn.

## 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 2022**, is the following:

Shareholder	Number of shares held	Stake held (% 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	2,507,216	0.7237%	2,507,216	0.7384%
Other legal persons	132,217,903	38.1643%	132,217,903	38.9388%
Individual persons	18,426,314	5.3187%	18,426,314	5.4266%
<b>TOTAL</b>	<b>346,443,597</b>	<b>100.0000%</b>	<b>339,553,004</b>	<b>100.0000%</b>

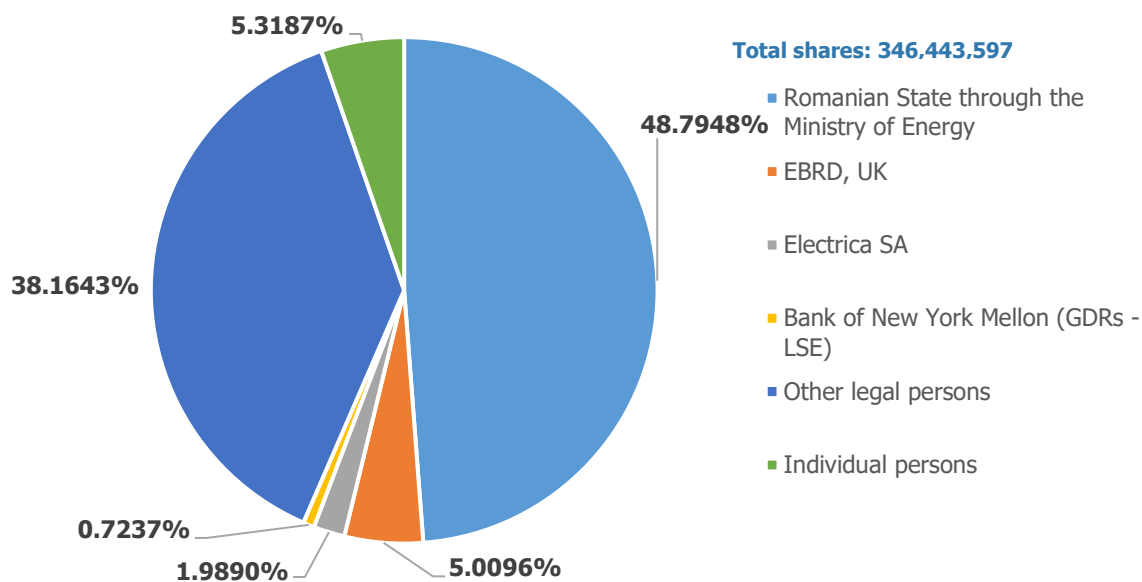
Source: Central Depository, Electrica

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 30 June 2022, with suspended voting rights, which does not entitle ELSA the right to receive dividends.

**Figure 3: Shareholders' Structure as of 30 June 2022**

Source: Electrifica

## 5. Operational Results

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

Indicator	30 June 2022 (reviewed)	30 June 2021 (reviewed)	Variation (%)
Revenues	4,628.8	3,260.1	42.0%
Other income	1,304.3	78.5	1,560.6%
Electricity and natural gas purchased	(4,937.6)	(2,166.6)	127.9%
Construction costs related to concession agreements	(228.8)	(176.9)	29.3%
Employee benefits	(389.4)	(390.1)	-0.2%
Repairs, maintenance and materials	(36.1)	(42.5)	-15.0%
Depreciation and amortization	(248.2)	(242.1)	2.5%
Impairment for trade and other receivables, net	(50.0)	(39.8)	25.7%
Other operating expenses	(189.9)	(165.8)	14.6%
<b>Operating result</b>	<b>(146.9)</b>	<b>115.0</b>	<b>-</b>
Finance income	2.3	2.1	9.2%
Finance costs	(59.8)	(13.8)	333.7%
<b>Net finance cost</b>	<b>(57.5)</b>	<b>(11.7)</b>	<b>392.3%</b>
Share of the result of the associates	0	-	-
<b>Result before tax</b>	<b>(204.4)</b>	<b>103.3</b>	<b>-</b>
Income tax benefit/(expense)	28.9	(27.3)	-
<b>Net result</b>	<b>(175.5)</b>	<b>76.1</b>	<b>-</b>

Source: Electrica

### Key financial indicators for the period ended 30 June 2022:

- **Revenues: RON 4.6 bn**, a 42.0% increase as compared with H1 2021;
- **EBITDA: RON 101.3 mn**, a decrease of RON 255.8 mn compared to same period of last year;
- **EBIT: RON -146.9 mn**, a decrease of RON 261.9 mn compared to H1 2021 ;
- **EBT: RON -204.4 mn**, reduced by RON 307.8 mn compared with H1 2021;
- **Net result: loss of RON -175.5 mn**, a RON 251.6 mn y-o-y decrease.

### Revenues and other income

Electrica's revenues and other income for the six months period ended 30 June 2022 and 30 June 2021 amounted to RON 5,933.1 mn and RON 3,338.6 mn, respectively, representing an increase of approx. RON 2,594.5 mn, or 77.7%; the variation is generated mainly by the revenues' evolution, but also the operating income evolution, mainly subsidies (represent values to be recovered as a result of the application of the capping of electricity prices) recognized by EFSA. Other operating income registered in H1 2022 compared to H1 2021, an increase of RON

1,225.8 mn, of which RON 1,211.3 mn, recoverable subsidies from the Ministry of Energy, as a result of the application of the mechanism for capping energy prices electricity and natural gas approved by GEO no. 118/2021 with subsequent amendments and GEO no. 27/2022.

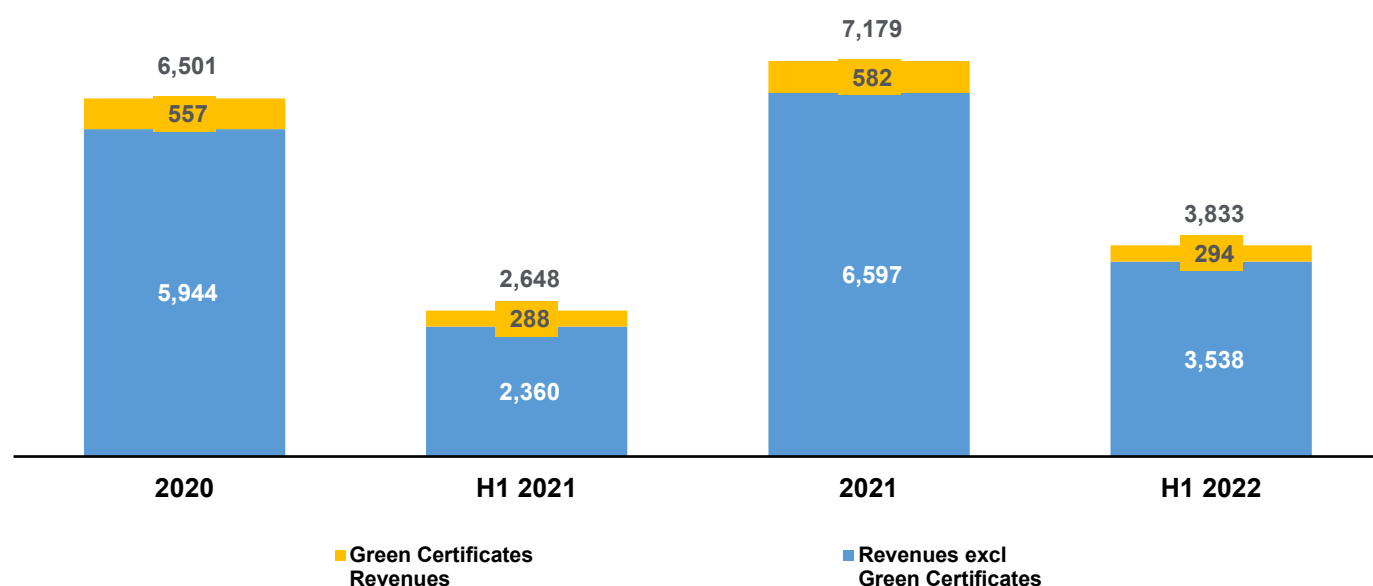
On 18 March 2022, it was issued GEO no. 27 related to the application, between 1 April 2022 – 31 March 2023, for new capping schemes for electricity and natural gas as well as the regularization with the new calculation schemes for the period 1 November 2021 – 31 March 2022. The Ordinance also provides the method for implementing these schemes and the settlement mechanism of the amounts granted as support to customers and their recoverability from the State budget including the regularization of the amounts to be recovered based on the new schemes for the period 1 November 2021 up to 31 March 2022.

It should be mentioned that due to the increase in energy price on the international and national markets and the impact thereof on Romanian consumers, starting with 1 November 2021 up to 31 March 2022, support schemes were implemented as approved by GEO no. 118/2021, followed by Law no. 259/2021 and amended by Order no. 130/2021, Order no. 2/2022, and Order no. 3/2022. The following support mechanisms have been put in place: compensation of household consumers for part of the electricity invoices, exemption (until 31 January 2022) of several types of non-household consumers from payment of regulated tariffs and other taxes/contributions, capping the selling price for household and non-household consumers (until 31 January for certain types of non-household consumers, as of 1 February 2022 for all non-household consumers), suspending the invoice payment for vulnerable consumers.

The compensated amounts will be received from the National Agency for Payments and Social Inspection for household consumers and a from the Ministry of Energy for non-household consumers. The amounts should be recovered in 30 days after submitting the required documentation to the National Agency for Payments and Social Inspection or Ministry of Energy.

## Revenues

**Figure 4: Revenue for H1 2022 and comparative information (RON mn)**



Source: Electrica

The revenues increased by RON 1,368.7 mn, or 42.0%, being the net effect of the following main factors:



- increase of RON 1,185.0 mn on the supply segment;
- internal revenue (from the Group): the Group's revenues increased by RON 107.6 mn;
- RON 277.5 mn increase of the distribution segment's revenues.

During the six months period ended 30 June 2022, revenues from the electricity distribution segment increased by approx. RON 277.5 mn, or 21.7%, to RON 1,558.1 mn, from RON 1,280.6 mn in the same period of the previous year, as a result of the following factors:

- favorable impact of approx. RON 224.1 mn, mainly from the rise in the distribution tariffs, of 2022 by an average of 8.6%, compared to 2021, and starting with 01 April the average distribution tariffs increased compared with Q1 2022 by 20.3% - positive effect reduced by the decrease in the volumes of electricity distributed by approx. 2.3%;
- favorable 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 increasing in H1 2022 by RON 53.4 mn, compared to the same period last year.

As a result of GEO 27/2022, the distribution tariffs for the year 2022 increased starting on 1 April 2022, to cover the additional costs related to the NL from the year 2021 estimated at a value of RON 363 mn. Thus, starting with Q2 2022, distribution tariffs will be higher by about 28% on average per DEER compared to 2021, in real terms, implicitly the revenues from electricity distribution will be higher, thus covering the difference between the price recognized in the tariffs of 2021 and the one realized/recognized in 2021. With a favorable impact on the operational performance for the distribution segment. The tariffs applicable starting from 1 April 2022 will not change until 1 April 2023, thus the difference between the recognized price for the year 2022 approx. RON 450 per MWh (of which approx. RON 50 per MWh is deferred income) and the actual purchase price for each MWh represents a cash flow deficit in 2022.

Also, at the beginning of the current PR4 regulatory period, ANRE made a total negative correction for the closing of PR3 in the amount of RON (730) mn (nominal terms), respectively RON (665) mn (2018 terms), of which RON (341) mn for meters recognized as investments in PR2 (2008-2013). The meter correction was challenged in court by the distribution branch of the Electrica Group, because in 2013, ANRE recognized the meters in BAR based on the principle of non-discrimination of all distribution operators, although they were not registered as fixed assets. The total negative correction related to PR3 decreased the regulated profitability related to PR4, with an average annual value of RON (146) mn.

Government emergency ordinance no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market in the period 1 April 2022 - 31 March 2023, in force from 22 March 2022, approved by Law 206/2022, published on 11 July 2022, provides for the right of operators to distribution to capitalize the additional cost for NL coverage, financed from bank loans starting from April 2022 and the recognition of these costs in tariffs according to the ANRE Methodologies:

1. the additional costs related to NL 2021 are covered by the increase in distribution tariffs on 1 April 2022;
2. the rates approved on 1 April 2022 are not changed until 1 April 2023;
3. the additional costs financed from bank loans, made during the period of applicability of GEO 27/2022, intended to cover additional NL, will be capitalized for a maximum period of 5 years and will be recognized in tariffs, with an RRR of 50% of the applied RRR in the IV regulatory period.

ANRE submitted the cost capitalization procedure to public debate, and the Ministry of Finance must establish the financial, accounting and fiscal framework for recording capitalized costs.

Regarding the supply segment, the revenue from the electricity supply and natural gas increased by RON 1,185.0 mn, or 44.8%, to RON 3,832.7 mn, from RON 2,647.7 mn in H1 2021.

The variation of the supply segment revenue is mainly driven by the net effect between the 53% retail sale price increase in the retail market and the 10% fall 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 64.1/MWh in H1 2021 to RON 72.54/MWh in H1 2022.

### Electricity purchased

In H1 2022, the expense for electricity purchased increased by RON 2,771.0 mn, or 127.9%, to RON 4,937.6 mn, from RON 2,166.6 mn in the comparative period.

This variation is mainly generated by the increase of electricity costs on the supply segment, but also by the increase in electricity costs for NL coverage.

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

Six months period ending 30 June (RON mn)	2022	2021	%
Electricity purchased to cover network losses	1,121.9	364.0	208.2%
Electricity purchased for supply	3,382.1	1,376.9	145.7%
Transmission and system services related to supply activity	138.6	137.7	0.7%
Green Certificates	294.5	287.9	2.3%
<b>Total electricity purchased</b>	<b>4,937.6</b>	<b>2,166.6</b>	<b>127.9%</b>

Source: Electrica

The cost of the electricity purchased for supply (including transmission and system services) increased by RON 2,013.3 mn, or 111.7%, to RON 3,815.7 mn in H1 2022, from RON 1,802.5 mn recorded in H1 2021.

The main cause of this evolution is represented by the increase of the prices on the electricity market and the limitation of the transfer to the final customer of these price increases. Thus, the prices on the spot market (Next Day Market) in Romania increased in H1 2022 by approximately 265%, compared to the same period in 2021.

In 2021, after the complete liberalization of the energy market, the purchase prices were approximately the same both on the competitive segment and on the universal service and SoLR segment. The acquisition market registered since the end of June 2021, significant increases, manifested at international level and determined by the international economic and political context. Thus, the growth registered in the acquisition market was transferred to the final clients, within the limits allowed by the legislation in force and by the contracts concluded with the final client.

It should be noted that energy suppliers are unable to terminate existing contracts according to the Law on Electricity and Natural Gas no. 123/2012, based on Article 57.

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 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.

In order to fulfil the legal obligations for the acquisition of green certificates (GC) and considering the observance of the Internal Procurement Procedure, in the first quarter of 2022, the cost of GC acquisition increased by RON 7,165 mn (increase from RON 144,657 mn to RON 151,823 mn), respectively an increase of 4.95% compared to the same period of 2021.

This variation was determined by the ANRE regulations regarding:

- the increase of the purchase price of the green certificates by 1.72%, from 142.2107 RON/GC in 2021, to 144.6598 RON/GC in 2022;
- the increase of the quota estimated by ANRE for the acquisition of GC of 11.31%, from 0.4505 GC/MWh in 2021, to 0.5014313 GC/MWh in 2022;
- and
- the decrease of invoiced energy received from SSF-DO by 7.18%, utilized at Q1 2022 level (energy invoiced in Q1 2021 was 2,258,320.844 MWh, while the energy invoiced in Q1 2022 was 2,096,279.108 MWh).

In order to fulfill the legal obligations for the acquisition of green certificates (GC) and considering the observance of the Internal Procurement Procedure, in the second quarter of 2022, the cost of GC acquisition increased by RON 207.875 th (increase from RON 143,982 mn to RON 144,190 mn), respectively an increase of 0.14% compared to the same period of 2021.

This variation was determined by the ANRE regulations regarding:

- the increase of the purchase price of the green certificates by 1.72%, from 142.2107 RON/GC in 2021, to 144.6598 RON/GC in 2022;
- the increase of the quota estimated by ANRE for the acquisition of GC of 11.31%, from 0.4505 GC/MWh in 2021, to 0.5014313 GC/MWh in 2022;
- and
- the decrease of invoiced energy received from SSF-DO by 11.55%, utilized at Q2 2022 level (energy invoiced in Q2 2021 was 2,247,411.582 MWh, while the energy invoiced in Q2 2022 was 1,792,055.919 MWh).

Regarding the distribution segment, in the six months period ended 30 June 2022, the cost of the electricity purchased to cover network losses increased by RON 757.9 mn, or 208.2%, to RON 1,121.9 mn, from RON 364 mn, the evolution being generated both by a significant increase in the electricity purchase prices (negative effect of RON 656.2 mn) and lower volume of electricity needed to cover network losses (positive impact of RON 72.7 mn).

The Electricity Distribution Operators were directly affected by this significant price increase, being obliged, according to ANRE Order no. 73/2014, to purchase the electricity necessary to cover their own technological consumption (NL), in order to comply with the general conditions associated with the distribution license on the wholesale electricity market, in accordance with the Law on electricity and natural gas no. 123/2012 with subsequent amendments and completions (Art. 45).

For H1 2022, for the Group's electricity distribution subsidiary, the average electricity purchase price for NL was with 115% higher than the value set by ANRE ex-ante in tariffs, generating additional costs of RON 574 mn.

### **Construction costs for electrical networks**

In H1 2022, the expenses with the construction of the electrical networks in connection with the concession contracts increased by RON 51.9 mn, or 29.3% to RON 228.8 mn, from RON 176.9 mn in the comparative period, being correlated with the evolution of the investments realized, related to the Regulated Asset Base, and the allocation of the investment plan throughout the year.

### Employee benefits

The expenses for salaries and employee benefits decreased by RON 0.7 mn, or 0.2% to RON 389.4 mn in H1 2022, from RON 390.1 mn, so they remain approximately at the same level as compared with the previous similar period.

### Repairs, maintenance and materials

In H1 2022, the expenses with repairs, maintenance and materials recorded a decrease of RON 6.4 mn, or 15% to RON 36.1 mn in H1 2022 from RON 42.5 mn compared with the same period of the previous year.

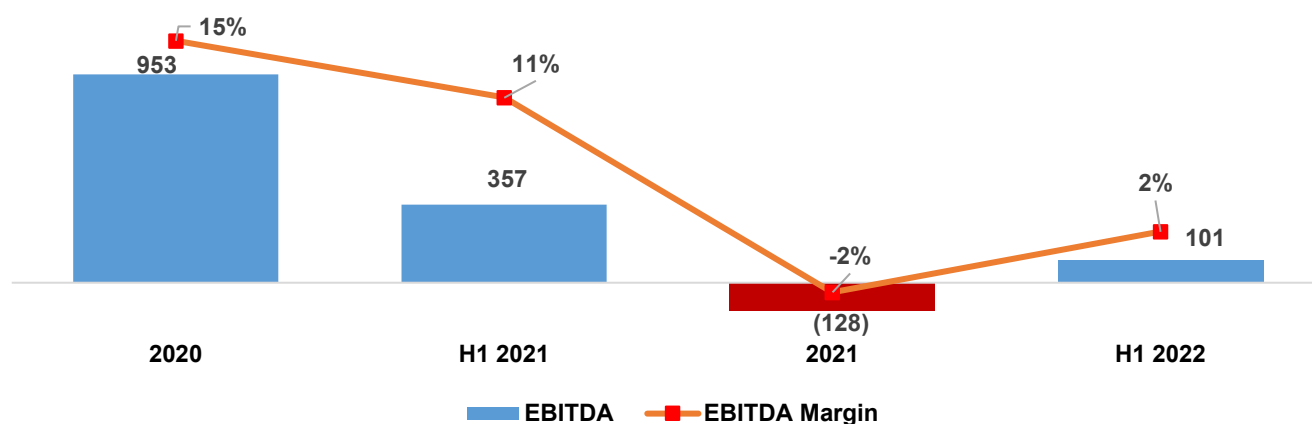
### Other operating expenses

In the first six months of 2022, the other operating expenses increased by RON 24.1 mn, or 14.6%, to RON 189.9 mn, from RON 165.8 mn in the same period of 2021, mainly from:

- the favorable effect of the net change in provisions, of approx. RON 7.5 mn, the highest impact coming from a provision recognized in 2021 for the supply subsidiary obligations, representing compensations derivind from the application of the Performance Standard for the electricity supply activity following the complete market liberalization process started 1 January 2021.
- higher operating expenses by RON 31.6 mn, especially in the distribution segment. The main impact coming from the increase in utility costs, with approx. RON 15.5 mn in H1 2022 and from the increase of consumable expenses with approx. RON 10 mn compared to the same period of the previous year.

### EBITDA and EBITDA margin

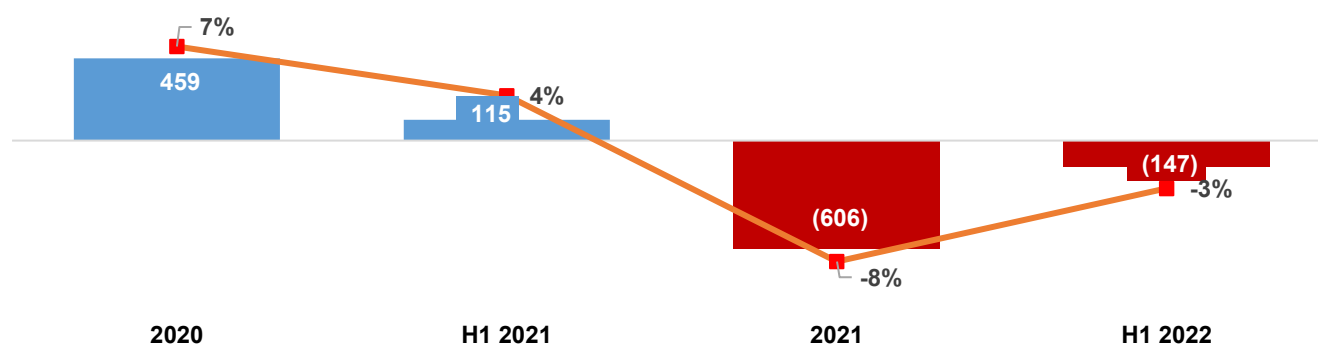
Figure 5: EBITDA and EBITDA margin for H1 2022 and comparative information (RON mn and %)



Source: Electrica

### Operating result

The Group operating result (EBIT) decreased by approx. RON 261.9 mn y-o-y, the EBITDA evolution being alleviated by the increase of the depreciation expense by RON 6.1 mn, or 2.5%.

**Figure 6: EBIT and EBIT margin for H1 2022 and comparative information (RON mn and %)**

Source: Electrica

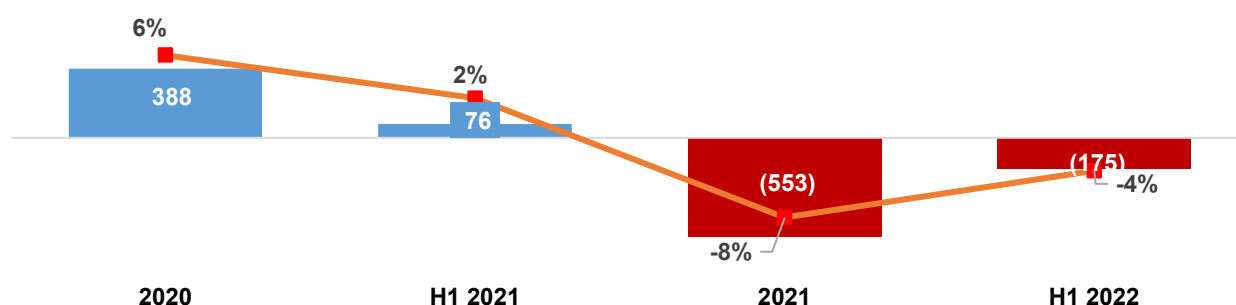
**Net finance cost**

The net finance cost at group level increased by RON 45.8 mn in H1 2022 compared to the similar period in 2021, mainly as a result of the decrease in finance income and the increase of finance expenses of RON 46 mn related to loans for pre-financing the support scheme for electricity and natural gas consumers established by GEO no. 118/2021, approved with amendments and completions by Law no. 259/2021 and amended by GEO 27/2022, as well as the difference between the energy price for the realized NLand the ex-ante price established by ANRE until the recovery through tariffs.

**Net result for the period**

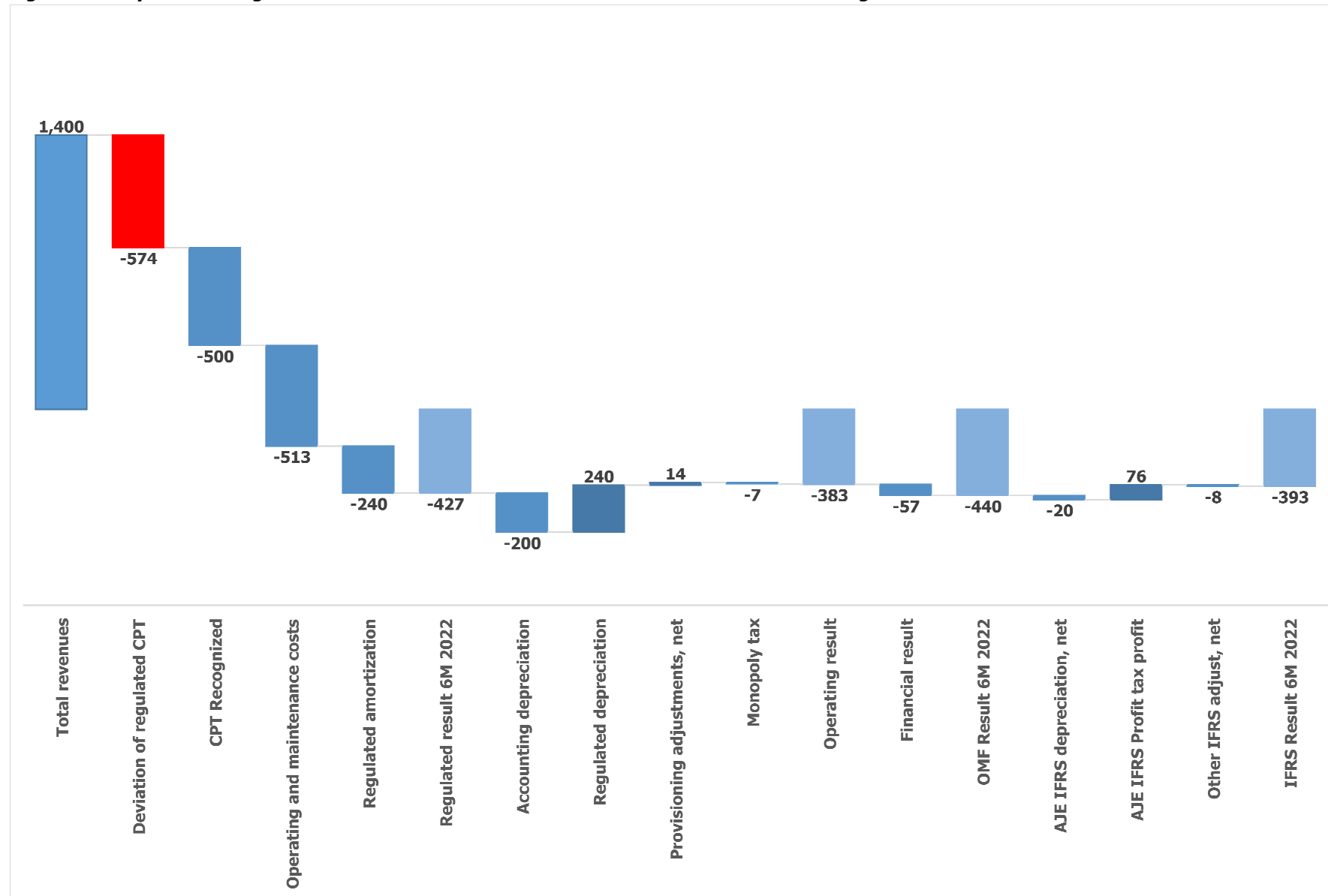
As a result of the above described factors, in the six months period ended 30 June 2022, the net result decreased by RON 251.6 mn, to RON -175.5 mn (loss), from RON 76.1 mn (profit) as compared with the previous similar period.

The main unfavorable impact that contributes to the loss of RON -175.5 mn is from the average purchase electricity price for network losses (NL) for the distribution segment with 115% higher than the value established by ANRE, thus generating additional costs of 574 million RON, amount that will be recovered in future tariffs for a period up to 5 years after 31 March 2023.

**Figure 7: Net result and Net result margin for H1 2022 and comparative information (RON mn and %)**

Source: Electrica

Figure 8: Analysis of net regulated result – net OMF result – net IFRS result for distribution segment



Source: Electrica



RON (427) mn regulated result includes a negative deviation of the CPT cost of RON 574 mn (calculated for the realized amount of 1,110 GWh in S1 and the price difference of 517 RON/Mwh (967 realized and 450 approved), respectively of RON 639 mn compared to the price of 392 RON/Mwh actually recognized in the tariffs (motivated by the limitations of tariff increases).

## 6. Financial position

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

	30 June 2022 (reviewed)	31 December 2021 (audited)	Variation (%)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets related to concession agreements	5,522.9	5,514.6	0.2%
Other intangible assets	9.0	9.0	0.2%
Property, plant and equipment	492.4	505.4	-2.6%
Goodwill	10.6	-	-
Investments in shared entities	18.8	25.8	-27.1%
Deferred tax assets	42.5	83.5	-49.2%
Other non-current assets	1.9	1.7	12.2%
Right of use asset	49.3	20.9	135.5%
<b>Total non-current assets</b>	<b>6,147.4</b>	<b>6,160.9</b>	<b>-0.2%</b>
<b>Current assets</b>			
Trade receivables	1,936.4	1,344.6	44.0%
Other receivables	31.2	48.6	-35.8%
Cash and cash equivalents	178.4	221.8	-19.6%
Restricted cash	1,132.1	-	-
Inventories	85.3	73.0	16.9%
Prepayments	14.9	5.0	196.3%
Current income tax receivable	23.8	23.8	0.0%
Assets held for sale	10.9	5.4	102.0%
<b>Total current assets</b>	<b>3,412.9</b>	<b>1,722.2</b>	<b>98.17%</b>
<b>Total assets</b>	<b>9,560.3</b>	<b>7,883.1</b>	<b>21.3%</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	3,464.4	3,464.4	0%
Share premium	103.0	103.0	0%
Treasury share reserves	(75.4)	(75.4)	0%
Revaluation reserve	97.3	102.8	-5.4%
Legal reserves	408.4	408.4	0%
Retained earnings	635.8	950.2	-33.1%
<b>Total equity attributable to owners of the Company</b>	<b>4,633.6</b>	<b>4,953.6</b>	<b>-6.5%</b>
<b>Minority interest</b>	<b>(0.4)</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>4,633.2</b>	<b>4,953.6</b>	<b>-6.5%</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liability – long term	33.1	12.1	173.4%
Deferred tax liabilities	93.5	161.9	-42.3%

	30 June 2022 (reviewed)	31 December 2021 (audited)	Variation (%)
Employee benefits	136.1	149.2	-8.8%
Other payables	38.2	32.7	16.8%
Long-term bank borrowings	105.0	118.8	-11.6%
<b>Total non-current liabilities</b>	<b>405.9</b>	<b>474.7</b>	<b>-14.5%</b>
<b>Current liabilities</b>			
Lease liability – short term	17.8	9.4	88.5%
Bank overdrafts	2,369.9	627.4	277.7%
Trade payables	919.1	891.3	3.1%
Other payables	481.1	271.3	77.3%
Deferred revenue	19.4	9.7	100.7%
Employee benefits	82.9	101.1	-18.0%
Provisions	37.0	34.9	6.1%
Current portion of long-term bank borrowings	594.0	509.7	16.5%
<b>Total current liabilities</b>	<b>4,521.2</b>	<b>2,454.9</b>	<b>84.2%</b>
<b>Total liabilities</b>	<b>4,927.1</b>	<b>2,929.6</b>	<b>68.2%</b>
<b>Total equity and liabilities</b>	<b>9,560.3</b>	<b>7,883.1</b>	<b>21.3%</b>

Source: Electrica

### Non-current assets

The non-current assets decreased by RON 13.5 mn in H1 2022, or 0.2%, to RON 6,147.4 mn as of 30 June 2022, from RON 6,161.0 mn at 31 December 2021, this variation being mainly the effect of the RON 8.3 mn slight 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.

### Goodwill

On 30 June 2022, the Group recognized a goodwill worth RON 10.6 mn for its two new subsidiaries (from the 4 project companies acquired for green energy production), on 30 June 2022 holding 60% of the share capital for the two new subsidiaries compared to 31 December 2021 when it had a 30% holding, in the other 2 companies the holding is 30% and they are still considered investments in associated entities in the financial statements. The goodwill is mainly attributed to the know-how of the projects and the synergies that are expected to be achieved from the integration of the companies in the existing businesses of the Group.

### Deferred tax receivables

Deferred tax receivables decreased by RON 41 mn, respectively by 49.1%, to RON 42.5 mn from RON 83.5 mn on 30 June 2021, this variation is due to the fact that the EFSA supply segment in the year 2021 recorded a loss of RON 389.7 mn and in the current year a profit of RON 213.5 mn, thus reducing the deferred tax receivable recognized in the previous year.

### Current assets

At 30 June 2022, current assets increased by RON 1,690.7 mn compared to 31 December 2021, or 98.2%, from

RON 1,722.2 mn to RON 3,412.9 mn, this evolution being mainly the net effect of evolution of supply segment were are the receivables for subsidies amounting to RON 1,211.3 and of the trade receivables level increase by RON 591 mn compared with 31 December 2021. 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 and for financing of current activity.

Their value decreased by RON 43.4 mn in H1 2022, or 19.6%, reaching RON 178.4 mn, from RON 221.8 mn at 31 December 2021, 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 591.8 mn during H1 2022, or 44.0%, to RON 1,936.4 mn, from RON 1,344.6 mn at 31 December 2021. This variation is generated especially by the supply segment, being influenced by the impact of restriction for household customers to not disconnect until 30 June 2022, respectively CSU customers until 08 June 2022, blocking batch processes for issuing disconnection notices/disconnection orders starting with 09 May 2022 and taking over Hargaz customers in SoLR (for them there are price appeals and ANRE controls).

#### Subsidy receivable

On 30 June 2022, the subsidies to be collected from the supply segment amount to RON 1,132.1 mn (as of 31 December 2021, they have no correspondence in the financial statements). The subsidies are collected from the Ministry of Energy as a result of the application of the electricity and natural gas price ceiling mechanism approved by GEO no. 118/2021 with subsequent changes and GEO no. 27/2022.

### **Non-current liabilities**

The non-current liabilities recorded a decrease as of 30 June 2022, of RON 68.8 mn, reaching the value of RON 405.9 mn, from RON 474.7 mn as of 31 December 2021, mainly as a result of the decrease in the long term bank borrowings, of RON 68.5 mn, due to increase of distribution segment's fiscal loses.

### **Current liabilities**

At 30 June 2022, the current liabilities increased by RON 2,066.4 mn, to RON 4,521.2 mn, from RON 2,454.9 mn at the end of 2021, mainly as a result of the changes in the categories listed below.

#### Overdrafts

The overdrafts increased in H1 2022 by RON 1,742.5 mn, reaching RON 2,369.9 mn, from RON 627.4 mn at the end of 2021, as the Group has increased its working capital financing methods through overdraft for financing the current activity.

The group has overdraft facilities from various banks (ING Bank N.V., Raiffeisen Bank, Banca Comerciala Romana, Banca Transilvania, BNP Paribas, Intesa Sanpaolo Bank, BRD – Group Societe Generale and UniCredit Bank), with a maximum limit available for the facilities overdraft of up to RON 2,503,800 th and maturities between July 2022

and January 2024.

#### Trade payables

As of 30 June 2022, trade payables increased by approx. RON 27.8 mn, to RON 919.1 mn, from RON 891.3 mn at 31 December 2021, mainly from increases of balances related to suppliers of electricity in correlation with the increase in the price of electricity purchased both on the supply segment and on the distribution segment for NL.

#### Other payables

Other payables increased in H1 2022 by RON 209.8 mn, reaching RON 481.8 mn, from RON 271.3 mn at the end of 2021, mainly from VAT payable balance increase for the supply segment, growth determined by the increase in sales in the supply segment by RON 1,185.0 mn, or 44.8%.

#### The current portion of long-term bank loans

On 30 June 2022, the current portion of long-term bank loans increased by approximately RON 84.2 mn, or 16%, to RON 594.0 mn on 30 June 2022 from RON 509.7 mn on 30 June 2021. This impact comes from the withdrawal from the EBRD loan related to 2022 in the amount of RON 113.4 mn reclassified from long term to short term because a waiver was not obtained, to which is added the interest on the balance of RON 5.1 mn, reduced impact of repayments from 2022 related to long-term loans in the amount of RON 32.7 mn reclassified in the short term.

### **Equity**

#### Reinvested profits

According to the General Meeting of the Company's Shareholders on 20 April 2022, the distribution of the net accounting profit of Electrica SA for the financial year 2021 in the amount of RON 321.8 mn to the following destinations:

- (i) Legal reserve (5% of gross profit 2021): RON 16.1 mn;
- (ii) Other reserves: RON 152.9 mn;
- (iii) Dividends to be distributed to shareholders in a total amount of RON 152.8 mn.

## 7. Statement of cash flows

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

	30 June 2022 (reviewed)	30 June 2021 (reviewed)	Variation (%)
<b>Cash flows from operating activities</b>			
<b>Loose/Profit for the period</b>	<b>(175.5)</b>	<b>76.1</b>	<b>-331%</b>
<b>Adjustments for:</b>			
Depreciation	9.9	10.0	-1.1%
Amortization	238.3	232.0	2.7%
(Reversal of impairment)/Impairment of property, plant and equipment and intangible assets, net	-	(0.1)	-
(Gain)/Loss on disposal of property, plant and equipment and intangible assets	(0.5)	(0.1)	294.9%
Impairment of trade and other receivables, net	50.0	39.8	25.8%
Impairment of assets held for sale	0.08	0.2	-56.4%
Change in provisions, net	2.1	9.6	-78%
Net finance cost	57.5	11.7	392.0%
Changes in employee benefits obligations	1.7	0	-
Corporate income tax expense	(28.9)	27.3	-
	<b>154.7</b>	<b>406.4</b>	<b>-61.9%</b>
<b>Changes in:</b>			
Trade receivables	(655.2)	(173.3)	278.1%
Other receivables	17.2	(0.9)	-
Prepayments	(9.9)	(7.2)	36.4%
Inventories	(12.3)	(2.0)	529.7%
Trade payables	68.1	(13.8)	-
Other payables	215.5	43.4	396.4%
Employee benefits	(23.0)	(3.6)	544.2%
Deferred revenue	9.7	0.6	1494.8%
Subsidy receivables	(1,132.1)	-	-
Provisions and employee benefits	(23)	(3.6)	538.9%
<b>Cash generated from operating activities</b>	<b>(1,367.4)</b>	<b>249.6</b>	<b>-</b>
Interest paid	(50.4)	(11.0)	358.7%
Income tax paid	-	(18.4)	-
<b>Net cash from operating activities</b>	<b>(1,417.7)</b>	<b>220.3</b>	<b>-</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of property, plant and equipment	(4.9)	(5.7)	-13.7%
Payments for network construction related to concession agreements	(261.4)	(238.0)	9.8%
Payments for purchase of other intangible assets	(1.9)	(1.2)	61.8%
Proceeds from sale of property, plant and equipment	2.5	0.9	184.0%
Proceeds from deposits with maturity of 3 months or longer	-	-	-
Interest received	0.4	1.4	-68.3%



	30 June 2022 (reviewed)	30 June 2021 (reviewed)	Variation (%)
Payments for subsidies acquisition	(3.0)	-	-
<b>Net cash used in investing activities</b>	<b>(268.3)</b>	<b>(242.7)</b>	<b>10.6%</b>
<b>Cash flows from financing activities</b>			
Proceeds from long-term bank borrowings	113.5	122.9	-7.7%
Proceeds from overdrafts	1,737.5	-	-
Repayment of long-term bank borrowings	(46.5)	(24.1)	92.6%
Payment of lease liabilities	(9.6)	(8.0)	21.0%
Dividends paid	(152.3)	(246.8)	-38.3%
<b>Net cash used in financing activities</b>	<b>1,376.6</b>	<b>(156.0)</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(43.5)</b>	<b>(178.4)</b>	<b>-75.6%</b>
Cash and cash equivalents at 1 January	(405.6)	406.0	-
<b>Cash and cash equivalents at 30 June</b>	<b>(449.0)</b>	<b>227.6</b>	<b>-</b>

Source: Electrica

In **H1 2022**, the net decrease in cash and cash equivalents amounted to **RON -43.5 mn** compared with the same period of 2021 where the amount was RON -178.4 mn.

The net cash generated by the operating activity was of RON 1,417.8 mn (negative). The net result was RON 175.5 mn; the main non-monetary elements adjustments for the net profit were: adding the depreciation and amortization of RON 248.2 mn, the impairment adjustments for current assets of RON 50.0 mn, the net finance cost of RON 57.5 mn, the income tax of RON -28.9 mn and the net change in provisions of RON 2.1 mn.

Changes in working capital had an unfavorable effect, of RON 1,552.1 mn, the most significant impact being generated by the negative change in trade receivables of RON 655.2 mn (correlated with the increase in revenues for supply segment), as well as the positive variation in trade payables, of RON 68.1 mn, and also of other payables in amount of RON 215.5 mn. Interest paid amounted to RON 50.4 mn. The receivables subsidies have generated the greatest negative impact amounting to RON -1,132.1 mn.

For the investment activity, the cash used was of RON 268.3 mn, the most significant values being related to the payments for the network construction in connection with the concession agreements, RON 261.4 mn; these have recorded an increase of approx. 9.8% y-o-y, correlated with the increase in investments in networking compared with the same period of prior year.

The financing activity generated an increase in cash and cash equivalents of RON 1,462.6 mn, the main factors being the withdrawals from overdrafts RON 1,737.5 mn, effect decreased by the dividends paid to shareholders amounting to RON 152.3 mn, the withdrawals related to the long term borrowings – positive effect of RON 113.5 mn, and the repayments of long term borrowings – negative effect of RON 46.5 mn.

On 20 April 2022, the General Meeting of the Company's Shareholders approved the distribution of dividends in the amount of RON 152,799 th (2021: RON 247,874 th). The value of the distributed dividends per share is RON 0.45 per share (2021: RON 0.73 per share).

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.

## 8. Outlook

The first quarter of 2022 was under the influence of public health events (COVID-19 pandemic declared by the WHO on 11 March 2020) and the impact of these events on the economic and social environment. Starting with 9 March 2022, Romania is no longer on alert due to COVID 19, so the restrictions in the alert state later became recommendations.

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;
- The ascending evolution, extremely fast, of the trading prices in the wholesale market for electricity and natural gas, both in Romania and in the rest of European countries in the fourth quarter of 2021 as well as in the first 3 months of 2022, has a significant impact on to all market participants and leads to their strategic changes/repositioning in the medium and long term.
- 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. At the same time, the tendencies to cap the prices to the final consumer, in the case of SoLR, represent a risk that must be managed properly;
- 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. An element that affects and will continue to significantly affect the profitability of distribution companies is the increase in the purchase price of NL, a situation which was partially regulated by the entry into force of Government Emergency Ordinance no. 118/2021 regarding the establishment of a compensation scheme for the consumption of electricity and natural gas for the cold season 2021-2022, respectively Government Emergency Ordinance no. 27/2022 on the measures applicable to final customers in the electricity and natural gas market between 1 April 2022 and 31 March 2023, as well as for the modification and completion of some normative acts in the energy field, without adapting the secondary regulatory framework ANRE submitted to public debate the Draft Order for the approval of the Procedure regarding the establishment and recognition in tariffs of the additional costs incurred during the period of applicability of GEO no. 27/2022 intended for the purchase of electricity to cover network losses;
- 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. The recent high price for electricity will increase the interest of consumers to independently produce some of the energy consumed, which is an acceleration of trends in this regard. Significantly reducing the costs of photovoltaic technologies is a development opportunity for smaller scale generation projects, especially in the home area;
- 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 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	In contrast with the demographic decline recorded at EU and Romanian level, the electricity consumption is positively impacted by the changes in the consumer behaviour 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.	Electricity consumption
Changes in regulatory framework	<p>Approved schemes to support customers in the payment of electricity / gas bills, with initial application between 1 November 2021 – 31 March 2022, which granted price caps, compensation for household customers and exemptions for SMEs, subsequently extended for the period 1 April 2022 - 31 March 2023, which capped the prices applicable to final customers, involve the ex post recovery by suppliers of the amounts related to these schemes, risking affecting the supply activity in case of delays in settlement of amounts incurred by suppliers or their complete non-recovery.</p> <p>As of 2022, only household customers shall have the right to universal service. Therefore, new competitive contracts must be signed with non-household customers which previously benefitted from universal service, if not, these customers may be switched to a supplier of last resort.</p> <p>The new <i>Performance Standard for electricity/gas supply</i> shall be enforced in 2022, bringing higher quality requirements for the supply of electricity, as well as higher obligations concerning the compensation of customers, including the obligation to pay compensations to all categories of customers in case of breach of quality standards.</p> <p>Starting with 1 May 2022, the new rules for the sale of electricity produced by prosumers enter into force, respectively quantitative compensation for customers with installed power up to 200 kW and financial compensation for customers with installed power between 200 and 400 kW, which will generate a new demand flow for this customer segment.</p> <p>Regarding the distribution segment, in 2019 the 4th regulatory period began (2019-2023), and ANRE approved significant changes to the Methodology for all elements of the tariff (regulated rate of return, base of regulated assets, own consumption technological, operating and maintenance costs, dynamic distribution tariffs starting with 2020).</p> <p>The energy law was amended in the period 2020-2021, so that: in 2021 OD financed the works for connecting domestic and non-domestic customers with lengths of less than 2.5 km, and starting with 2022, the free for non-domestic customers was eliminated. households, and for households the obligation to finance by OD only a connection in average value established by ANRE was maintained.</p>	Electricity prices
The evolution of the electricity price in the market	The transactions concluded on the centralized platforms exceeded the threshold of 1500 lei/MWh for the AN product and 2000 lei/MWh for the short-term products related to the winter period, and on the DAM the weighted average price doubled compared to the beginning of 2022. The distribution operators purchase energy for NL at a triple price the ex-ante approved price in the distribution tariffs. OD and OTS can purchase energy for individual or aggregate NL, directly or through dedicated platforms in the organized market, from the producers in the Romanian state's portfolio.	Electricity prices
Technological development	Smart networks and smart meters will create benefits for the end consumers, distribution operators and suppliers in terms of energy efficiency, resource optimization and network operation, implementation of demand response etc. It is necessary to prepare the networks and to integrate the distributed resources (storage solutions, micro-grids, local production, electric machines, etc.), also considering the management of their impact.	Electricity prices and 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	Electricity prices and consumption, regulatory

Key drivers	Description	Impact on
	governments and market players to achieve them.	framework

Source: Electrica

### The regulatory framework perspective and the impact on the energy market

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

- Enforcement of GEO no. 143/2021 amending the Electricity and Gas Law no. 123/2012, which transposes into national legislation *Directive (EU) 944/2019 on common rules for the internal market for electricity* and brings new rights and obligations for the suppliers of electricity concerning inter alia: obligation to supply universal service (US) to household customers only; removal of the obligation to set up physical customer care centers for US customers at max. 50 km; obligation to issue settlement bills for household customers once every 3 months at the least; right to conclude directly negotiated bilateral transactions on the wholesale markets for any period of time; obligation to procure the electricity needed to cover customers' consumptions, whose breach shall be sanctioned with a fine calculated as a percentage form the annual turnover;
- Implementation, from 1 November 2021 to 31 March 2022, against the background of the surge in the energy price on the international and national markets and the impact thereof on Romanian customers, of the customer support schemes approved by GEO no. 118/2021, as approved with amendments by Law no. 259/2021 and amended by GEO no. 130/2021, in the context of the increase of the prices on the electricity and natural gas markets at international and national level, as well as of the effects caused by these increases for the Romanian population. The way the schemes shall be implemented, i.e. through suppliers, and especially the way suppliers shall be compensated, ex-post, from the state budget for the costs borne, imply cash flow constraints, and uncertainties concerning the full recovery of the costs borne by suppliers with the implementation of the schemes;
- Enforcement, in 2022, of the new *Performance Standard for the supply of electricity/gas*, approved by ANRE Order no. 83/2021, bringing higher quality requirements for the supply of electricity, as well as higher obligations concerning the compensation of customers, including the obligation to pay compensations to all categories of customers in case of breach of the quality standards, and more guaranteed quality indicators;
- Amendment of the *Electricity Supply Regulation*, by ANRE Order no. 82/2021 and no. 91/2021, according to which, as of 1 January 2022, the consumption of electricity from the monthly invoice sent by the network operator to suppliers shall be determined, in the absence of the meter reading, based on a consumption convention. The mentioned provision has a positive impact regarding the level of invoiced consumption and

the payment amount related to the distribution tariff for the respective consumption;

- Amendment of the *Gas Supply of Last Resort Regulation* by ANRE Order no. 125/2021, making more difficult for suppliers of last resort (SoLRs) to voluntarily relinquish this quality, and bringing changes concerning the duration of the supply of last resort (min. 12 months for small customers) and the price setting mechanism (i.e. the supply and transmission components of the final price must be kept unchanged for at least 3 months). Also, the criteria for selection of SoLRs for automatic takeover of customers have been supplemented with the takeover capacity criterion, under which the number of customers taken over may not exceed 30% of SoLR's number of customers.
- ANRE order no. 91 of 23 June 2022 for the approval of the Regulation on the last resort supply of electricity, which establishes the procedure for the designation by the National Energy Regulatory Authority of last resort suppliers of electricity, the conditions for carrying out and ceasing the activity of supply of electricity of last resort, the price applied by the suppliers of last resort to the customers taken over, as well as the procedure for taking over the places of consumption of the final customers who have not ensured the supply of electricity from any other source.

**For the distribution segment**, the significant changes in the Romanian legislation were detailed *at chapter 1.2. Key Events*. Based on these changes, the expected effects refer to:

- GEO no. 27/2022 regarding the measures applicable to final customers in the electricity and natural gas market between 1 April 2022 and 31 March 2023: i) to cover the additional costs related to network losses for 2021, ANRE amends the regulated tariffs, with applicability starting with 1 April 2022, and the resulting tariffs do not change between 1 April 2022 and 31 March 2023; ii) the additional costs financed from bank loans made during the GEO period to cover the network losses are capitalized, with a duration of 5 years and  $RRR = 50\% \times RRR_{RP4}$ ; iii) the electricity costs purchased for network losses after the date of entry into force of the GEO will be recognized in the regulated tariffs, according to the ANRE methodologies; iv) the transmission and distribution tariffs will be modified according to the costs registered until 31 March 2023, in a period of up to 5 years, after 31 March 2023; v) producers in the portfolio of the Romanian state, have the obligation to respond in 5 working days with partial or total sales offers, energy purchase requests addressed by TSO and DSO, individually or in aggregate, directly or through dedicated platforms in the organized market.

**For the supply segment**, the legislative changes brought by the support scheme (granting of caps, compensations and exemptions granted to final customers) applicable during the cold season, respectively 1 November 2021 – 31 March 2022, extended with a capping scheme between 1 April 2022 – 31 March 2023, significantly reduced the migration of customers to and from other suppliers, the price cap eliminating competition from the energy market.

### **The human resources area perspective**

The labor market faces new challenges, as demographic developments, labor migration, and the evolution of the economy will accentuate the shortage of skilled labor. Also, the acceleration of digitization, within the pandemic context, the inherent technological changes, as well as the process of succession to a new generation, will determine the transition to new profiles for employees that include a mix of skills and, at the same time, real challenges in recruiting new employees with a high level of expertise in the near future.

Electrica Group operates in a competitive market, where the technological progress is very fast and at a time when the approach of companies and employees is changing towards the work process, as it was defined in the past. Salary packages are no longer the only motivational lever. Non-financial benefits and the organizational climate, are increasingly important to attract employees and retaining the valuable ones.



Career opportunities, broadening the area of competence and assigning more significant responsibilities must be part of the strategies and tools used. At the Group level, the provision of the necessary human resources and the staff training in key business areas were treated as priority topics, in order to increase labor productivity and individual performance.

The human resources strategy took into account these aspects and, through the proposed projects, aimed the retention of key personnel, attracting of talents, and development of the human resource at the organization level. Considering the evolution of the financial and operational performance, registered during the past years, as well as the transformations and the trends of the energy sector, in the first part of the year the corporate reorganization plan was carried out as an necessary and opportune measure to adapt to the current market context, significantly affected by the energy market crisis and, further, by the external events within the new geopolitical context, which indirectly impacted the economical national context. This initiative pursues a series of objectives, such as:

- optimization of financial and operational performance;
- the organization corporate cultural transformation, focused on efficiency and performance, in order to ensure the sustainability of the business;
- work efficiency, staff improvement and specialization;
- accelerating the embracing of the market's best practices and new technologies, increasing transparency and reducing costs.

### **The IT&C perspective**

For 2022, in line with the objectives and directions included in the IT&C Strategy approved in 2019, the Group aims to continue the consolidation of the ERP systems from the Group's subsidiaries, synchronizing these requirements with the needs, decisions and initiatives to reorganize divisions and operational directions. In addition to traditional IT&C infrastructure and services, the Group aims to continue and accelerate digitization initiatives and the application of technologies that lead to faster, more flexible and customer-friendly interaction. Last but not least, the Group set out to analyze the options for the next stage of technological development and harmonization; the future Digitization Strategy should take over the results of the current phase in 2023 and place full emphasis on optimizing internal and other processes, with all stakeholders, based on the Group's advanced Digital Transformation technologies.

## **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 months period ended 30 June 2022 and 30 June 2021 amounted to RON 232 mn and RON 179 mn, respectively. Capital expenses are concentrated on distribution segment.

The volume of investments in the distribution network reflects the Group's effort to accomplish the planned level of investments for 2022, especially in the distribution segment in accordance with the annual investment plan approved by ANRE and the main financing sources are both the sources attracted from the bank and those from own sources.

The volume of investments had a material impact and, according to Electrica's expectations, will continue to have such impact on the results of Electrica's operations, Electrica's 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 months period ended 30 June 2022 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. 67 of the law no. 24/2017 on issuers of financial instruments and market operations and to annex no. 13 to ASF Regulation no. 5/2018 for the six months period ended 30 June 2022, comprises accurate and real information regarding the Group's development and performance.

**Chair of the Board of Directors,**

**Iulian Cristian BOSOANCA**

**Chief Executive Officer,**

**Alexandru Aurelian CHIRITA**

**Chief Financial Officer,**

**Stefan Alexandru FRANGULEA**

## 11. Annexes

### 11.1. Economic and financial indicators of Electrica Group as of 30 June 2022 according to Annex 13/ASF Regulation no. 5/2018

Indicator	Formula	Value
Current liquidity ratio	Current assets/Current liabilities	0.8
Capital Gearing Ratio	Debt/Equity * 100	15.8%
Trade receivables turnover	Average balance trade receivables/ Turnover * 180	64 days
Non-current asset turnover ratio	Turnover/Non-current assets	0.4

### 11.2. Details of the main investments of Electrica Group during the first semester of 2022

During 1 January 2022 – 30 June 2022, the most significant investments of Electrica Group are the following:

DESCRIPTION	Value (RON mn)
<b>MUNTENIA NORD</b>	
Integration of "business consumers" from MN area in automatic meter reading systems AMR	3,96
Modernization and integration in SCADA of the 110/20/6 kV Buzau Est substation	3,80
Modernization of 20kV OHL by replacement of insulation and conductors (20kV OHL Urleasca - SR Ramnicelu, 20kV OHL Lacu Sarat - SRPD 1-4, 20kV OHL Romanu - T. Vladimirescu and 20 kV OHL Gropeni - Tichilesti)	2,00
Modernization of distribution network in the area of PTA 7054 CAP, PTA 7052 no. 6, PTA 7051 VA, PTA 7055 Moara and PTA 7056 CFR from Foltesti locality, Galati County	1,98
Modernization of the heating installation in administrative headquarters with the dispatching office of SR Buzau	1,76
20 kV OHL modernization by replacing 20 kV OHL insulation and conductors Faurei-Faurei, Braila County	1,64
Voltage level improvement for consumers in commune Contesti - villages Contesti, Savesti, Crangasi, Mereni, Calugareni, Boteni	1,44
Creating the coexistence conditions with the existing electrical networks, necessary to obtain the location permit for the Galati ring road, between Brailei street (DN25) and Calea Prutului Street (E87), Galati municipality	1,34
Modernization of electricity distribution network in Jorasti locality, Vanatori commune Vrancea county	1,30
Installation of security, access control, video surveillance, fire detection and signaling systems for 12 facilities: COR MT JT Valeni headquarters; 20kV Mihai Bravu substation + COR MT JT Ploiesti; PE Mizil; 20kV Sinaia + PE Sinaia substation; 20kV Slanic + PE Slanic substation; PE Boldesti; 110kV Floresti substation (system update) + PL Floresti + Floresti Central Warehouse; 110kV Tatarani substation (system update) + PL Tatarani; 110kV Urlati + PL Urlati substation; Baltesti 110kV substation (system update); 110kV East Ploiesti substation (system update); 110kV Crang substation connection pole; Route of cable connection to Movila Vulpiei station	1,28
Voltage level improvement for consumers in Dambovit County, commune Odobesti, Ziduri, Crovu, Brancoveanu, Miulesti localities.	1,19
Installation of security, access control, video surveillance, fire detection and signaling systems for 8 facilities in SROR Galati: COR MV LV Mun. /Ext. Galati; COR MVLV Tecuci; PL Pechea; PL Tg. Bujor; Warehouse 03GL; Abator 110/20 kv substation and Antrepozit 20/6 kV connection Station, Bujoru 110/20 kV substation; Foltesti 110/20/6kV substation	1,12
Modernization of 0.4kV OHL and consumer connections from Movila Miresii locality	1,11

DESCRIPTION	Value (RON mn)
Voltage level improvement for OHL LV consumers in Laeni locality, Dambovită County	1,08
<b>TRANSILVANIA SUD</b>	
Modernization of LV network com. Apoldu de Jos, Sibiu County	3,03
Modernization of LV OHL and connections in Hodac locality, Mureș county	2,6
MV network decentralization in Vladeni, Principala street (PT 8 CFR Vladeni - in consumer management) and connections modernization, systematization and securing in loc. Vladeni, Brașov county	1,9
Voltage level improvement and modernization of OHL LV and connections in Deda locality, Mureș County	1,69
Increasing the security of supply and improving the voltage level of 20 kV network in Regin, Mureș County	1,68
Modernization of 0.4 kV OHL Blaj, str. Eroilor (partially), Fabricii, Locomotivei, Fochistilor, Ceferistilor, Dr. V. Suci, I.M. Klein, Gh. Sincai and A. Muresanu, mun. Blaj, Alba County- stages 1,2 and 4	1,64
Modernization of OHL 20 kV loc. Baita, Alba County - Stage 1	1,51
Decentralization of the MV network in the area "Pompe Apa", switchover to 20 kV of the MV network, Sanpetru locality, Brașov County	1,51
Voltage level improvement and modernization of LV OHL in Saulia de Campie, Mureș county	1,27
Reserve supply 20 kV busbars - Sanpaul Station, Mureș county	1,25
20 kV network modernization Sovata – Oras2, Mureș County	1,16
Voltage level improvements and connections securing in Vatava locality, jud. Mureș	1,16
Voltage level improvements in PTA 9 Harman area, Domnitorilor neighborhood, Brașov county	1,12
Decentralization of MV OHL, reconducting of LV OHL, modernization of connections, Daisoara locality, Brașov County	1,09
Integration of CEM 110 kV Mureș substations in the SCADA DMS system of S.C. FDEE Electrica Distribuție Transilvania Sud S.A.	1,27
<b>TRANSILVANIA NORD</b>	
Modernization of low voltage OHL and connections in the area PT 1, PT 2, PT 3, PT 4, PT 6 Berinta	1,798
Power injection in the South and West areas of Biharia locality, Bihor County	1,583
Modernization of LV OHL Tulca	1,493
Modernization of the Sarmasag 110/20 KV substation	1,390
Modernization LEA MT Juc Geaca between R Gadalın and R Geaca	1,062
Increasing the power supply reliability in Floresti, Cluj County, vol 5, Modernization of Abator Distributor and construction of Cimitir and Polygon Distributors	1,033
Switchover to 20 kV PA 1, PA 2 and PA 6 Baia Mare	1,033
Modernization of LV OHL and connections in place. Russian area PTA1 and Russian PTA2	848
Modernization of built MV/LV substations, TN area - Cluj-Napoca Branch, Cluj County - Vol.2 - POR Gherla area	908
Increasing the power supply reliability in area Paleu, Bihor County	905

Source: Electrica

During first semester of 2022, the largest transfers from tangible assets in progress to tangible assets, representing mainly commissioning of investments, are the following:

DESCRIPTION	Value (RON mn)
<b>MUNTENIA NORD</b>	
Modernization of the heating installation in the administrative headquarters with the dispatching office of SR Buzau	1,78
Voltage level improvement for consumers in commune Contesti - villages Contesti, Savesti, Crangasi, Mereni, Calugareni, Boteni	1,59
Modernization of distribution network in the area of PTA 7054 CAP, PTA 7052 no. 6, PTA 7051 VA, PTA 7055 Moara and PTA 7056 CFR from Foltesti locality, Galati County	1,28
Installation of security, access control, video surveillance, fire detection and signaling systems for 12 facilities: COR MT JT Valeni headquarters; 20kV Mihai Bravu substation + COR MT JT Ploiesti; PE Mizil; 20kV Sinaia + PE Sinaia substation; 20kV Slanic + PE Slanic substation; PE Boldesti; 110kV Floresti substation (system update) + PL Floresti + Floresti Central Warehouse; 110kV Tatarani substation (system update) + PL Tatarani; 110kV Urlati + PL Urlati substation; Baltesti 110kV substation (system update); 110kV East Ploiesti substation (system update); 110kV Crang substation connection pole; Route of cable connection to Movila Vulpii substation	1,19
Installation of security, access control, video surveillance, fire detection and signaling systems for 8 facilities in SROR Galati: COR MV LV Mun. /Ext. Galati; COR MVLV Tecuci; PL Pechea; PL Tg. Bujor; Warehouse 03GL; Abator 110/20 kv substation and Antrepazit 20/6 kV connection Station, Bujoru 110/20 kV substation; Foltesti 110/20/6kV substation	1,08
Construction of distribution network to supply energy to 6 block of flats compound and one multifunctional building in Ploiesti, B-dul Republicii, nr.146-150 MARISTAR COM SRL	0,93
<b>TRANSILVANIA SUD</b>	
Voltage level improvement and modernization of OHL LV and connections in Deda locality, Mures County	1,73
Decentralization of the MV network in the area "Pompe Apa", switchover to 20 kV of the MV network, Sanpetru locality, Brasov County	1,48
Modernization of the 0.4 kV network, Hipodrom 1, 2, 3 area, Sibiu municipality, Sibiu county	1,22
Reconstruction, modernization of PA Textila Prejmer, Brasov County	0,98
MV network decentralization in Vladeni, Principala street (PT 8 CFR Vladeni - in consumer management) and connections modernization, systematization and securing in loc. Vladeni, Brasov county	0,83
Modernization of 0.4 kV OHL and connections PT 1 Vidacut, Odorheiu Secuiesc, PL Cristuru Secuiesc localities, Harghita County	0,66
Integration of CEM 110 kV Mures substations in the SCADA DMS system of S.C. FDEE Electrica Distributie Transilvania Sud S.A.	1,63
<b>TRANSILVANIA NORD</b>	
Modernization of 110 / 20/6 kV Prundu Bargaului substation	3,106
Modernization of the 110/20 kV NISTRU substation	2,600
Network decentralization and power injection in Spicului street, Cluj Napoca municipality, Cluj County	2,122
Modernization of 20 kV OHL Palota - Cheresig	1,472
Construction of MV UGC to increase the quality of electricity supply in the Bratca-Valea Crisului area	1,118
Network decentralization and power injection in Feleacu commune, Sub Coman area	1,110
Switching over 20 kV PA 1, PA 2 and PA 6 Baia Mare	1,065
Network decentralization and power injection in Mozart Street, Cluj Napoca municipality, Cluj County	1,041
SAP system upgrade to EHP8 version	1,034
Modernization of MV UGC in order to increase reliability of power supply: Iosia-PTZ Wagner Station; PTA b Protectia Mediului-PTZ 24 ZV; PTA b Colinelor 2-PTA b Gh.Doja 2-PTA b Gh.Pop de Basesti-STE I	856
Power injection in the South and West areas of Biharia locality, Bihor County	786
Increasing the reliability of electricity supply in Floresti locality, Cluj county - Vol. 2: Narciselor street area	755

DESCRIPTION	Value (RON mn)
Modernization of 20KV feeder connection and reconstruction of PTA 20 / 0.4KV Panic village, Salaj County	723
Power injection and modernization of low voltage network Sarand locality, Bihor County	700

### 11.3. Litigations

#### *Electrica Group litigations in the first semester of 2022:*

##### 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 1st 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 – finally dismissed on 31.03.2022.
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 (former 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 (former 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	Case dismissed on merits. The Decision may be appealed within 15 days from it's communication.
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	Suspended until de final settlement of case no. 541/36/2018 of the Bucharest Court of Appeal.
8	Plaintiff: ELSA,	Legal action for annulment of ANRE Order 197/2018 regarding the approval of the	Bucharest Court of	In course of settlement.

Crt. no.	Parties/Case file number	Subject matter	Court	Case status
	DEER Defendant: ANRE 434/2/2019	specific tariffs for the electricity distribution service and the price for the reactive electric energy for DEER (former SDMN).	Appeal	
9	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 former SDTS).	High Court of Cassation and Justice	On 9 June 2020, the court rejected the action as unfounded. An appeal was filed, term on 09.03.2023.
10	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 former SDTN).	Bucharest Court of Appeal	In course of settlement.
11	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 1st 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.	Bucharest Court of Appeal	On 29.04.2022, the Court dismissed the case. Appealable within 15 days from it's communication.
12	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 (former. SDMN).	Bucharest Court of Appeal	In course of settlement.
13	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 1st 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 – On 24.03.2022, the Court dismissed the appeal as unfounded. Final.
14	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 (former SDTN).	Bucharest Court of Appeal	Action dismissed on merits, a recourse will be filed.
15	Plaintiff: DEER Defendant: ANRE 371/2/2015	Cancellation of the ANRE's President 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 (former SDTS).	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
16	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 1st 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.	Bucharest Court of Appeal	A reinstatement request was filed. Attached to case no. 184/2/2015. On 29.04.2022, the Court dismissed the case. Appealable within 15 days from its communication.
17	Plaintiff: DEER Defendant: ANRE 303/2/2020	Cancellation of the ANRE's President Order no. 229/2019 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER (former SDTS).	Bucharest Court of Appeal	In course of settlement.
18	Plaintiff: DEER Defendant: ANRE 53/2/2022	Cancellation of the ANRE's President Order no. 119/2021 regarding the approval of the specific tariffs for the electricity distribution service and the price for the reactive energy for DEER.	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. 13725/3rd May 2017 and of the no. 13739/3rd May 2017; 2. Cancellation of the enforcement order no. 13725/3rd May 2017, of the no. 61/90/1/2017/263129 (which also bears the No. 13739/3rd 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 1 Court	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. NAFA filed an appeal, definitively dismissed on 23.03.2022.
3	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 ( <b>representing the partial fine from</b>	District 1 Court	Suspended until the settlement of case no. 3889/2/2018.

Crt. no.	Parties/Case file number	Object	Court	Case status
		<b>the Competition Council).</b>		
4	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 above, imposing late penalties of RON 1,000/day of delay for exceeding this term, due to Electrica by DGAMC.	Bucharest Court of Appeal	In course of settlement.
5	Plaintiff: DEER Defendant: NAFA - DGAMC  359/2/2021 (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

Crt. no.	Parties/Case file number	Object	Court	Case status
				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, 359/2/2021 - 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).
6	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.
7	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	On merits, the Court dismissed the case as unfounded. Appealable within 15 days from it's communication.
8	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 by the refusal to deduct the VAT + related accessories.	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 305/30.05.2017, 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,

Crt. no.	Parties/Case file number	Object	Court	Case status
				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, in course of settlement.
9	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 Court	Suspended until the final settlement of the case no. 5786/2/2018.
10	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	Decision dated 28.03.2022: admits DEER's recourse and dismisses the other recourses. Final.
11	Plaintiff: EFSA Defendant: NAFA – DGAMC 8709/2/2018	Cancellation of: <ul style="list-style-type: none"> <li>• DGSC Decision no. 325/26 June 2018</li> <li>• Decision F-MC 678/28 December 2017</li> <li>• Report F-MC 385/28 December 2017</li> <li>• Decision no. 511/24 October 2018</li> <li>• Decision no. 21095/24 July 2018</li> </ul> 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 thousand)

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);	Bucharest Court of Appeal	The court of first instance rejects the exception of the prescription of the material right to action as unreasonable and the action as unfounded. Both parties have appealed, dismissed as unfounded. Both parties filed an appeal. Hidroelectrica's appeal was rejected. The ELSA appeal was admitted, the case being sent for retrial to the Bucharest Court of Appeal. In the retrial, the court admits ELSA appeal, changes the appealed sentence

Crt. no.	Parties/Case file number	Object	Court	Case status
		ordering the defendant to pay the legal interest from the date of the decision until the effective payment, court costs.		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. Definitively settled.
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 116,058.538.	Valcea Court	Ongoing procedure. The amount is registered in the definitive table of receivables updated following the fact that the Decision EU Tribunal from Luxemburg, establishing that Oltchim S.A. benefited from illegal state aid from a number of Romanian companies, including ELECTRICA S.A, became definitive.
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: ELSA	Administrative litigation - annulment	High Court	The court dismissed ELSA's

Crt. no.	Parties/Case file number	Object	Court	Case status
	Defendant: Competition Council 3889/2/2018	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.	of Cassation and Justice	action as unfounded; ELSA filed an appeal – in course of settlement.
10	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. EL SERV filed an appeal, dismissed as unfounded. EL SERV filed a recourse, definitively dismissed on 17.05.2022.
11	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 Court	Suspended based on art. 307 Civil Procedure Code.
12	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 Court of Appeal	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. ELSA filed an appeal. To this file was connected the case no. 3474/299/2020.
13	Plaintiff: ELSA Defendant: former directors and administrators of ELSA 35729/3/2019	Claims - claim for damages calculated as a result of the control of the Court of Accounts, amounting RON 322,835,121.	Bucharest Court	Suspended untill the final settlement of case 2229/2/2017.
14	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	Prahova Court	The court rejects the exceptions of inadmissibility and lack of object of the introductory request invoked by the defendant, as unfounded. Dismisses the

Crt. no.	Parties/Case file number	Object	Court	Case status
		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.		introductory request as unfounded. Accepts in part the request made by the defendant regarding the payment of court costs and obliges the plaintiff to the defendant to pay the court costs, respectively to pay the sum of 50,000 lei representing a reduced attorney's fee. Appealable within 15 days from communication. On 07.07.2022, the court partially admitted the request to increase the expert's fee for the amount of 13,100 lei and obliges the plaintiff to pay this amount to the expert. With appeal within 15 days from the notification of the decision.
15	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.
16	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 (former SDMN).	Bucharest Court	Suspended until the final settlement of case no. 1677/105/2017.
17	Plaintiff: Tutu Daniel and Tudori Ionel Dedendant: 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.
18	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	Prahova Court	The Court dismissed the case on merits. Appealable within 15 days from it's communication.



Crt. no.	Parties/Case file number	Object	Court	Case status
		obliged to pay RON 7,659,402.72 + VAT (RON 9,101,192); - updating the amount requested in subsidiary with the inflation rate and legal interest.		
19	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.
20	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 (former SDTN) fault is invoked for the overvoltage after a power outage.	Bihor Court	Case dismissed on merits. Appealable within 30 days from it's communication.
21	Plaintiff: Energo Proiect SRL Defendant: DEER, DEER – Oradea Subsidiary 374/1285/2018	Claims of RON 2,387,357.	High Court of Cassation and Justice	On merits and in the appeal, the case was dismissed. The plaintiff filed a recourse, which is in course of settlement.
22	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.
23	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	Suspended untill the final settlement of case no. 4469/62/2018.
24	Plaintiff: EL SERV Defendant: National Leasing IFN S.A. 18711/3/2010	Bankruptcy – amount admitted to the list of creditors: RON 21,663,983.27 (guaranteed RON 17,580,203.48 and unsecured RON 4,083,779.79).	Bucharest Court	Ongoing proceedings.
25	Plaintiff: EL SERV Defendant: Servicii Energetice Banat S.A. 8776/30/2013 (joint with cu 2982/30/2014)	Bankruptcy - amount admitted to the list of creditors RON 72,180,439.68.	Timis Court	Ongoing proceedings.
26	Plaintiff: EL SERV	Bankruptcy - amount admitted to the	Dolj Court	Ongoing proceedings.

Crt. no.	Parties/Case file number	Object	Court	Case status
	Defendant: SEO 2570/63/2014	list of creditors RON 26,533,446.		
27	Plaintiff: EL SERV Defendant: SED 8785/118/2014	Bankruptcy - amount admitted to the list of creditors: RON 15,130,315.27.	Constanta Court	Ongoing proceedings.
28	Plaintiff: EL SERV Defendant: SE Moldova 4435/110/2015	Bankruptcy – amount: admitted to the list of creditors RON 73,708,082.90.	Bacau Court	Ongoing proceedings.
29	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.
30	Plaintiff: Integrator S.A. Defendant: EL SERV, SAP Romania 34479/3/2016**	Claims – EUR 1.277.435,25 EUR license +2.650.855,68 EUR 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.
31	Plaintiff: EL SERV Defendant: directors and administrators 2013-2014  35815/3/2019	Action in attracting the liability of directors and administrators - measure II.7 of Decision no. 13/27.12.2016 issued by the Romanian Court of Accounts– RON 7,165,549 + legal interest of RON 4,485,340.29.	Bucharest Court of Appeal	The court dismissed the action as prescribed, ordering the plaintiff to pay the judicial costs. Appeal suspended, considering the death of the respondent Popescu Romeo; steps have been initiated to identify the heirs.
32	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 Romanian Court of Accounts 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. An appeal was filed, no term was established.
33	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.
34	Creditor: EFSA Debtor: Vegetal Trading SRL Braila	Insolvency proceedings - registering to the list of creditors for the amount of RON 1,851,392.	Braila Court	Case closed, the Decision being final on 27.04.2022.

Crt. no.	Parties/Case file number	Object	Court	Case status
	1653/113/2014			
35	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.
36	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.
37	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	Case closed, the decision being final on 13.04.2021.
38	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.
39	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.
40	Creditor: EFSA Debtor: Oltchim S.A. 887/90/2013	Bankruptcy - registering to the list of creditors for the amount of RON 21,349,705.	Valcea Court	Ongoing proceedings.
41	Creditor: EFSA Debtor: Energon Power and Gas S.R.L. 53/1285/2017	Insolvency proceedings - registering to the list of creditors for the amount of RON 2,421,236.	Cluj Specialized Court	Ongoing proceedings.
42	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.
43	Plaintiff: EFSA Defendant: ELSA 6665/3/2019	Claims: request of payment regarding the invoices paid without supporting documents, as it has been stated by the Court of Account – RON 7,025,632.	Bucharest Court of Appeal	The First Instance court dismissed the claim of EFSA . The Decision has been appealed – in course of settlement.
44	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.	High Court of Cassation and Justice	Dismisses as prescribed the action filed by the plaintiff EFSA. and dismisses as objectless the warranty claims issued by the defendants, two former directors and one former general manager,

Crt. no.	Parties/Case file number	Object	Court	Case status
				against ELSA. The amount for which ELSA was called as collateral is around 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 filed appeal, dismissed as unfounded. Against the Decision a recourse was filed, in preliminary proceedings.
45	Plaintiff: EL SERV Defendant: ENEL DISTRIBUTIE MUNTENIA S.A. 4233/2/2020 (former no. 24088/3/2015)	Claims. Late payment penalties regarding 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 until the entire payment of the main debt.	High Court of Cassation and Justice.	Case admitted in retrial on merits. The appeal filed by Enel against the decision favorable to SEM was dismissed. E-Distributie filed an appeal, dismissed as unfounded. Final.
46	Plaintiff: IVAN LAURA IONELA IVAN CORNEL IONUT IVAN VLADIMIR MIHAI Defendant: EL SERV 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 alin. 1 par. 1 Civil Procedure Code. (criminal case ongoing).
47	Plaintiff: CAZACU MARIA Defendant: DEER 7212/200/2020	Liability of the principal for the act of the defendant- work accident resulting in death of an AISE employee (amount of compensation claimed: EUR 510,000)	Buzau Court	In course of settlement.
48	Plaintiff: PRICOPIE STEFAN Defendant: DEER 12807/231/2019	Faulty killing (art.192 NCP) - third party electric shock (amount of damages claimed: EUR 500,000)	Galati Court of Appeal	In appeal, on 24.06.2022, the Court admits the appeal declared by the civil party Pricopi Ștefan. Partially abolishes the criminal sentence no. 160 / 11.02.2022 of the Focșani District Court, removing the provisions regarding the acquittal of the defendant, in retrial: it orders the termination of the criminal

Crt. no.	Parties/Case file number	Object	Court	Case status
				proceedings initiated against the defendant Distribuție Energie Electrică România S.A. - Focșani Branch, for committing the crime of culpable homicide. Maintains the other provisions of the appealed criminal sentence. Definitive.
49	Plaintiff: DEER – Defendant: COS Targoviste 1906/120/2013	Insolvency – banckrupcy – total amount: RON 5,589,482.51 out of which RON 1,357,789.92 – amount at the list of creditors and RON 4,231,692.59 - current receivables.	Dambovita Court	Ongoing procedure. From the total receivables, the amount of RON 3,255,350.39 represents the current receivables, for which a payment request was formulated which is the object of the file 2478/120/2021, admitted on merits; the decision is final, the current receivables being recovered.
50	Plaintiff: DEER Defendant : Prutul SA 4798/121/2019**	Claims: RON 4,343,437	High Court of Cassation and Justice	On the merits, the court admitted the exception of inadmissibility. The solution was confirmed in the appealed. A recourse was filed by DEER, definitively dismissed on 17.05.2022.
51	Plaintiff: Verta Tel SRL Defendant: DEER 4106/3/2021	Claims – contractual liability: RON 2,009,233	Bucharest Tribunal	Case dismissed on merits. Appeal partially admitted with reference to retrial end 3 request.  With appeal within 30 days from the communication.
52	Plaintiff: DEER Defendant: Getica 95 SRL 1666/114/2021	Insolvency – registration at the list of creditors for the amount of RON 26,283,220.67	Buzau Tribunal	Ongoing proceedings.
53	Plaintiff: DEER Defendant: AEM S.A. 1347/119/2021	Claims – contractual liability – RON 2,851,297.30	Covasna Court	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
54	Plaintiff: Rebrean Gheorghe Defendant: DEER 1635/112/2022	Claims - the plaintiff requests moral damages in the amount of 500,000 thousand euros and 370 lei material damages as a result of the bodily injury by electric shock committed on 12.08.2020.	Bistrita Nasaud 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 2268/2/2014*	Suspension and cancellation of the administrative act: Decision no. 3/14 January 2014 and the Resolution no. 23/17 March 2014.	High Court of Cassation and Justice	First court: the claim is partly admitted, partially cancels the Resolution no. 23 of 17 March 2014 regarding the items 1 and 5 and the Decision no. 3/14 January 2014 regarding the items 4 and 8. Dismisses, as ungrounded the claim regarding items 2, 3 and 4 in the Resolution no. 23/17 March 2014 and items 5, 6 and 7 in the Decision no 3/14 January 2014. Rejects the request to suspend the execution of Decision no. 3/14 January 2014, as unfounded. ELSA and CCR filed an appeal, both being admitted. 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. With appeal within 15 days from its communication. ELSA has appealed the case, which was finally dismissed 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 <sup>nd</sup> Direction from the IV <sup>th</sup> Department of the Romanian 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	Bucharest Court of Appeal	In course of settlement.

Crt. no.	Parties/Case file number	Object	Court	Case status
		annulment of the conclusion no. 12/27 February 2017 of the Romanian Court of Accounts, rejecting the objection raised by ELSA against Decision no. 12, regarding the faults and orders mentioned above. In subsidiary, the extension of the deadlines for carrying out all the measures ordered by ELSA through Decision no. 12/27 December 2016 with at least 12 months; the suspension of the enforceability of Decision no. 12 until final settlement of the present dispute.		
3	Plaintiff: ELSA Defendant: Romanian Court of Accounts 7780/2/2018	Administrative litigation for annulment of Decision no. 38/9 October 2018, the annulment of the conclusion by which the appeal imposed by Decision no. 12/1 of 27 December 2016 was dismissed, the revocation of the Decision no. 12/1 and the cessation of any CCR control act.	High Court of Cassation and Justice	The court of first instance dismissed the action as inadmissible. ELSA filed an appeal, finally dismissed on 26.05.2022.
4	Plaintiff: EL SERV Defendant: Romanian Court of Accounts 2098/2/2017	Litigations 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.
5	Plaintiff: DEER Defendant: Romanian Court of Accounts Intervenient: SERV 1677/105/2017	Suspension and annulment of the measures imposed by the Decision of Prahova Court of Accounts no. 45/2016, following the Control Report of the Prahova Court 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, 129, N. Iorga street 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, 129, Boulevard. Nicolae Iorga (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



Crt. no.	Parties/Case file number	Object	Court	Case status
				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 3340/111/2015	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 placement of electronic and electrical communications networks.	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 Bucharest Court of Appeal. The file no. 2414/2/2016 was definitively solved on 22.03.2021, without a request for reinstatement being formulated, following to be ascertained by the court the expiration of the request, DEER no longer having an interest in supporting the request for summons.
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. The file 2414/2/2016 was definitively resolved on 22.03.2021, without being formulated by the plaintiff request for reinstatement, reason for which on 24.02.2022 the Satu Mare Court found the expiration of the request for summons, the solution being final.
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 Specialized 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

Crt. no.	Parties/Case file number	Object	Court	Case status
				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. Appeal filed by Electrica Furnizare. In appeal, the court rejects, as unfounded, the main appeal declared by the appellant Electrica Furnizare SA and rejects, as unfounded, the incidental appeal declared by the respondents TN, and MC. With the right to appeal within 30 days from the 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, Muntenia Enel Distribution, Dobrogea Enel Distribution  2414/2/2016	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 (former 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 (former Enel Distributie Muntenia), E-Distributie Banat SA (former Enel Distributie Banat) si E-Distributie Dobrogea SA (former 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.

Crt. no.	Parties/Case file number	Object	Court	Case status
6	Plaintiff: Delalina S.R.L., Foto Distributie S.R.L. 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 on 03.04.2017 until the settlement of the file 2414/2/2016. The file 2414/2/2016 was definitively resolved on 22.03.2021, without being formulated by the plaintiffs request for reinstatement, reason for which on 30.03.2022 the Bucharest Court of Appeal found the expiration of the request for summons in judgment, the solution being final.
7	Plaintiff: ELSA Defendant: Baile Herculane City  4572/208/2018*	Claim for land Lot 1-NC 32024 (area of 259 sqm) and lot 2 NC 31944 (with a surface of 1,394 sqm), both located in Baile Herculane, 1, Uzinei street and FC rectification.	Timisoara Court of Appeal	The first court admits the exception of the lack of active procedural quality of ELSA and dismisses the action. ELSA filed an appeal, dismissed as unfounded. ELSA filed an appeal, admitted by court, which sends the case for retrial to Caras Severin Court. Retrial – the appeal was dismissed as unfounded. ELSA filed an appeal.
8	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	Case dismissed on merits, appealable within 30 days from it's communication.
9	Plaintiff: ELSA, SAPE Defendant: E- Distributie Banat	Action for the annulment of Shareholders resolution 5/06.12.2018 (share capital increase for SAPE).	Timis Court	Case dismissed on merits, an appeal was filed. At this case was connected the

Crt. no.	Parties/Case file number	Object	Court	Case status
	949/39/2019			case no. 988/30/2019.
10	Plaintiff: ELSA Defendant: Targu Neamt UAT 122/321/2020	1. obliging the defendant to leave us in full ownership and possession of 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 elimination of 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 City and the registration of the property right of the Energy Company Electrica SA 3. Order the defendant to pay the court costs.	Bacau Court of Appeal	The action was definitively dismissed on merits on 04.04.2022.
11	Plaintiff: ELSA Defendant: Bicaz UAT 91/188/2020	1.obliging the defendant to leave us in full ownership and possession of the land in the area of 10,524 sqm (from documents 22,265 sqm), located in Bicaz,, Neamt county. 2. rectification of the entries from the land book no. 52954 of Bicaz City, in the sense of elimination of 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 Bicaz City and the registration of the property right of Societatea Energetice Electrice Electrica S.A. 3. Order the defendant to pay the court costs.	Neamt Tribunal	The court of first instance partially annuls the Decision of the Local Council of Bicaz no. 94 / 25.08.2016, respectively regarding the surface of 10,524 sqm of urban land 3, Bicaz, Energiei street (former Plant), located at the last position of the table in the Annex to HCL no. 94 / 25.08.2016, following the admission of the exception of illegality, invoked by the plaintiff. Dismisses the action brought by ELSA as unfounded. Admits in part the action in the rectification of the land book. It orders the rectification of the Land Book no. 52954 of the City of Bicaz, regarding the land with an area of 10,524 sqm, located in Bicaz, 3, Energiei street, , Neamt County (former Uzinei), in the sense of deleting the property right of the defendant Bicaz city, as a result of the partial annulment of HCL no. 94 / 25.08.2016, regarding this land. Rejects as unfounded the applicant's request to order the rectification of the Land Book no. 52954 of the City of Bicaz, regarding the land with an area of 10,524 sqm, located in Bicaz, 3, Energiei street, , Neamt

Crt. no.	Parties/Case file number	Object	Court	Case status
				County (former Uzinei), in the sense of registering the ELSA property right over the above mentioned land. ELSA filed an appeal, dismissed by the court. The decision is appealable within 30 days from it's communication.
12	Plaintiff: ELSA Defendant: Videle City, through Mayor 948/335/2020	1.obliging the defendants to leave us in full ownership and possession of the land surfaces that overlap with the land located in 1, Alea FRE street, 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	Admits in part the request for summons and consequently: establishes the land line boundary of the plaintiff's property (ELSA) on the current boundarylines, outlined on the situation plan related to the completion of the expert report, with the coordinates indicated by the expert, land delimited points 1-2-3-4-5-6-7-8-9-10-11-12-13-14-15-16-17-18-19-20-21-22-23. It orders the rectification of the land book no. 23176 by repositioning, in order to eliminate any virtual overlap between the land belonging to the plaintiff, with the boundary line as previously established, and the land registered in this land book. Dismisses the action as unfounded. Appealable within 30 days from it's communication. Definitively settled.
13	Plaintiff: DEER Defendant: ANARC (ANCOM) and 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.
14	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.
15	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, admitted by the court on 27.06.2022. The court annuls the Government Decision no. 1041/2003 on some measures to regulate the facilities granted to pensioners in the electricity sector. Final.

Crt. no.	Parties/Case file number	Object	Court	Case status
16	Plaintiff: Grup 4 Instalatii Defendant: DEER 375/1285/2021	The obligation of DEER to recognize, to respect the property right of G4Instalatii regarding the buildings located in Cluj Napoca, 28A, Ilie Macelaru Street . and 2, Uzinei Electric Street. , registered in land book 297841 Cluj Napoca with no. 297841, consisting of land with an area of 10720 sqm and constructions: construction registered in land book with no. 297841-C1, construction of administrative headquarters with an area of 1560 sqm; body A, construction no. 297841- C2 - 512 sqm, building B, construction no. 297841 - C3 - 171 sqm, building C, construction no. 297841 - C4 - 338 sqm, building D, construction no.. 297841-C6 - 348 sqm - 110/10 Kw Transformation Station. It is requested the handing over of the above buildings and the rectification of the land book registrations in the sense of: the annulment of the tabulation conclusions by which the DEER property right was registered, the deregistration of the land book property right, the registration of the property right in favor of G4I.	Cluj Tribunal	The court admits the exception of the material incompetence of the Cluj Specialized Tribunal, an exception invoked ex officio and consequently declines the competence to resolve the request for summons in favor of the Cluj Tribunal-Civil Section. Pending settlement in this court.
17	Plaintiff: ELSA Defendant: Kaufland Romania SCS, Deva City, through the Mayor and Deva City Council 156/221/2021	1. obliging the defendants to leave us in full ownership and possession of the land surfaces that overlap with the ELSA land located in Deva municipality, 1, Dorobanți street, 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 sqm (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 eliminating the inappropriate entries made, 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	Deva Court	Action admitted in part.

Crt. no.	Parties/Case file number	Object	Court	Case status
		the registration of the property right of the applicant ELSA over these land areas.		
18	Plaintiff: ELSA Defendant: UAT Chisineu Cris 2143/210/2020	1. obliging the defendant to leave us in full ownership and possession of the land with an area of 529 sqm identified with Cadastral no. 306526, registered in the land book no. 306526 Of Chisineu Cris,, County Arad, located in Chişineu Criş, 63, Înfrăţirii street. Arad county, as well as the land with an area of 121 sqm, identified with Cadastral no. 306527, registered in the land book no. 306527 of Chisineu Cris,, County Arad, located in Chişineu Criş, 63, Înfrăţirii street. , 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 eliminating the inappropriate entries made, 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 Cris City and registration of the property right of ELSA 3. Order the defendant to pay the costs.	Timisoara Court of Appeal	Case dismissed on merits and in appeal. It was filed a recourse – in course of settlement.
19	Plaintiff: Alexandra Borislavschi Defendant: ELSA ARB - 5670	1.Obligation of the defendant to pay to the plaintiff the amount of 166,738 lei, representing the percentage of 55% of the OAVT package, in accordance with the provisions of Annex 3 to the mandate contract no. 42/10.08.2015. 2. Obligation of the defendant to pay to the plaintiff damages for non-execution of the obligation to pay the percentage of 55% of the OAVT package. 3. Obligation of the defendant to pay the amount of 11,973 lei, representing the annual variable remuneration for 2018. 4. Obligation of the defendant to pay the amount of 24,756 lei, representing the annual variable remuneration related to 2019. 5. Updating the amounts provided in the preceding items, with penalizing legal interest. The asked damages should be calculated as the legal penalty interest plus 8% payable per each day of delay as of the date of the registration of the claim until the payment of the 55% of OAVT package by the defendant. 6. Obligation of the defendant to pay the expenses incurred by the request for arbitration.	Vienna International Arbitral Centre	Solved by transaction, on 07.02.2022

Source: Electrica



## Glossary

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

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



## **SOCIETATEA ENERGETICA ELECTRICA S.A.**

Condensed Consolidated Interim Financial Statements

as at and for the six month period ended

**30 June 2022**

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 2022**

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 2022

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

	Note	30 June 2022 (reviewed)	31 December 2021 (audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets related to concession arrangements		5,522,913	5,514,557
Other intangible assets		9,004	8,983
Goodwill	18	10,589	-
Property, plant and equipment		492,410	505,419
Investments in associates		18,826	25,810
Deferred tax assets		42,453	83,531
Right of use assets		49,335	20,945
Other non-current assets		1,863	1,661
<b>Total non-current assets</b>		<b>6,147,393</b>	<b>6,160,906</b>
<b>Current assets</b>			
Trade receivables	11	1,936,417	1,344,619
Subsidies receivable	7	1,132,076	-
Other receivables		31,160	48,600
Cash and cash equivalents	12	178,369	221,830
Inventories		85,300	72,958
Prepayments		14,916	5,034
Current income tax assets		23,777	23,777
Assets held for sale		10,931	5,412
<b>Total current assets</b>		<b>3,412,946</b>	<b>1,722,230</b>
<b>Total assets</b>		<b>9,560,339</b>	<b>7,883,136</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		3,464,436	3,464,436
Share premium		103,049	103,049
Treasury shares reserve		(75,372)	(75,372)
Capital contributions in kind from shareholders		7	7
Revaluation reserve		97,283	102,829
Legal reserves		408,405	408,405
Retained earnings		635,822	950,228
<b>Total equity attributable to the owners of the Company</b>		<b>4,633,630</b>	<b>4,953,582</b>
Non-controlling interests	18	(424)	-
<b>Total equity</b>		<b>4,633,206</b>	<b>4,953,582</b>

(Continued on page 2)

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

AS AT 30 JUNE 2022

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

	Note	30 June 2022 (reviewed)	31 December 2021 (audited)
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term bank borrowings	14	105,029	118,756
Lease liabilities		33,088	12,102
Deferred tax liabilities		93,458	161,926
Employee benefits		136,098	149,177
Other payables	13	38,226	32,732
<b>Total non-current liabilities</b>		<b>405,899</b>	<b>474,693</b>
<b>Current liabilities</b>			
Current portion of long-term bank borrowings	14	593,985	509,733
Current portion of lease liabilities		17,797	9,442
Bank overdrafts	12	2,369,873	627,402
Trade payables		919,147	891,335
Other payables	13	481,057	271,263
Deferred revenue		19,390	9,662
Employee benefits		82,946	101,102
Provisions	15	37,039	34,922
<b>Total current liabilities</b>		<b>4,521,234</b>	<b>2,454,861</b>
<b>Total liabilities</b>		<b>4,927,133</b>	<b>2,929,554</b>
<b>Total equity and liabilities</b>		<b>9,560,339</b>	<b>7,883,136</b>

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

**Chief Executive Officer**

Alexandru – Aurelian Chirita

**Chief Financial Officer**

Stefan Alexandru Frangulea

17 August 2022

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2022 (reviewed)	30 June 2021 (reviewed)
Revenue	6	4,628,791	3,260,073
Other income	7	1,304,330	78,546
Electricity and natural gas purchased	8	(4,937,596)	(2,166,550)
Construction costs related to concession agreements		(228,770)	(176,919)
Employee benefits		(389,448)	(390,060)
Repairs, maintenance and materials		(36,079)	(42,451)
Depreciation and amortization		(248,212)	(242,075)
Impairment for trade and other receivables, net		(50,036)	(39,763)
Other operating expenses		(189,929)	(165,775)
<b>Operating profit/(loss)</b>		<b>(146,949)</b>	<b>115,026</b>
Finance income		2,298	2,107
Finance costs		(59,765)	(13,787)
<b>Net finance cost</b>		<b>(57,467)</b>	<b>(11,680)</b>
<b>Share of results of associates</b>		(8)	-
<b>Profit/(Loss) before tax</b>		<b>(204,424)</b>	<b>103,346</b>
Income tax benefit/(expense)	10	28,926	(27,276)
<b>Net profit/(loss)</b>		<b>(175,498)</b>	<b>76,070</b>
<b>Net profit/(Loss) attributable to:</b>			
- owners of the Company		(175,480)	76,070
- non-controlling interests		(18)	-
<b>Net profit/(loss)</b>		<b>(175,498)</b>	<b>76,070</b>
<b>Earnings/ (Loss) per share</b>			
Basic and diluted earnings/ (loss) per share (RON)	9	<b>(0.52)</b>	<b>0.22</b>

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

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

17 August 2022



**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

	<b>Three month period ended</b>	
	<b>30 June 2022</b> <b>(unaudited and not reviewed)</b>	<b>30 June 2021</b> <b>(unaudited and not reviewed)</b>
Revenue	2,049,746	1,563,850
Other income	625,333	45,450
Electricity and natural gas purchased	(2,065,065)	(1,026,914)
Construction costs related to concession agreements	(120,509)	(90,008)
Employee benefits	(201,898)	(203,616)
Repairs, maintenance and materials	(10,556)	(22,934)
Depreciation and amortization	(124,163)	(120,447)
Impairment for trade and other receivables, net	(30,335)	(34,488)
Other operating expenses	(94,771)	(73,597)
<b>Operating profit</b>	<b>27,782</b>	<b>37,296</b>
Finance income	1,867	100
Finance costs	(41,624)	(7,687)
<b>Net finance cost</b>	<b>(39,757)</b>	<b>(7,587)</b>
<b>Share of results of associates</b>	<b>(3)</b>	<b>-</b>
<b>Profit/(Loss) before tax</b>	<b>(11,978)</b>	<b>29,709</b>
Income tax benefit/(expense)	(5,733)	(11,520)
<b>Net profit/(loss)</b>	<b>(17,711)</b>	<b>18,189</b>
<b>Net profit/(Loss) attributable to:</b>		
- owners of the Company	<b>(17,693)</b>	<b>18,189</b>
- non-controlling interests	<b>(18)</b>	<b>-</b>
<b>Net profit/(loss)</b>	<b>(17,711)</b>	<b>18,189</b>
<b>Earnings/ (Loss) per share</b>		
Basic and diluted earnings/ (loss) per share (RON)	<b>(0.05)</b>	<b>0.05</b>

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

**Chief Executive Officer**  
Alexandru – Aurelian Chirita

**Chief Financial Officer**  
Stefan Alexandru Frangulea

17 August 2022

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	<b>Six month period ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(reviewed)</b>	<b>(reviewed)</b>
<b>Net profit/(loss)</b>	<b>(175,498)</b>	<b>76,070</b>
<b>Other comprehensive income</b>		
<i><b>Items that will not be reclassified to profit or loss</b></i>		
Re-measurements of the defined benefit liability	9,877	(5,180)
Tax related to re-measurements of the defined benefit liability	(1,550)	709
<b>Other comprehensive income, net of tax</b>	<b>8,327</b>	<b>(4,471)</b>
<b>Total comprehensive income/(loss)</b>	<b>(167,171)</b>	<b>71,599</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
- owners of the Company	(167,153)	71,599
- non-controlling interests	(18.0)	-
<b>Total comprehensive income/ (loss)</b>	<b>(167,171)</b>	<b>71,599</b>

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

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

17 August 2022

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	<b>Three month period ended</b>	
	<b>30 June 2022</b> <b>(unaudited and not reviewed)</b>	<b>30 June 2021</b> <b>(unaudited and not reviewed)</b>
<b>Net profit/(loss)</b>	<b>(17,711)</b>	<b>18,189</b>
<b>Other comprehensive income</b>		
<i><b>Items that will not be reclassified to profit or loss</b></i>		
Re-measurements of the defined benefit liability	9,877	(5,180)
Tax related to re-measurements of the defined benefit liability	(1,550)	709
<b>Other comprehensive income/(loss), net of tax</b>	<b>8,327</b>	<b>(4,471)</b>
<b>Total comprehensive income</b>	<b>(9,384)</b>	<b>13,718</b>
<b>Total comprehensive income/(loss) attributable to:</b>		
- owners of the Company	(9,366)	13,718
- non-controlling interests	(18)	-
<b>Total comprehensive income/(loss)</b>	<b>(9,384)</b>	<b>13,718</b>

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

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

17 August 2022

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

	Attributable to the owners of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares reserve	Capital contributions in kind from shareholders	Revaluation reserve	Legal reserves	Retained earnings		
<b>Balance at 1 January 2022 (audited)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>102,829</b>	<b>408,405</b>	<b>950,228</b>	<b>-</b>	<b>4,953,582</b>
<b>Comprehensive income</b>									
Loss for the period (reviewed)	-	-	-	-	-	-	(175,480)	(18)	(175,498)
Other comprehensive income	-	-	-	-	-	-	8,327	-	8,327
<b>Total comprehensive loss (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(167,153)</b>	<b>(18)</b>	<b>(167,171)</b>
<b>Transactions with owners of the Company (reviewed)</b>									
<b>Contributions and distributions</b>									
Dividends to the owners of the Company	-	-	-	-	-	-	(152,799)	-	(152,799)
<b>Total transactions with the owners of the Company (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(152,799)</b>	<b>-</b>	<b>(152,799)</b>
<b>Other changes in equity (reviewed)</b>									
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(5,546)	-	5,546	-	-
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	(406)	(406)
<b>Balance at 30 June 2022 (reviewed)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>97,283</b>	<b>408,405</b>	<b>635,822</b>	<b>(424)</b>	<b>4,633,206</b>

*(Continued on page 8)*

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
 (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
<b>Balance at 1 January 2021 (audited)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>116,372</b>	<b>392,276</b>	<b>1,759,506</b>	<b>5,760,274</b>
<b>Comprehensive income</b>								
Profit for the period (reviewed)	-	-	-	-	-	-	76,070	<b>76,070</b>
Other comprehensive income							(4,471)	<b>(4,471)</b>
<b>Total comprehensive income (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,599</b>	<b>71,599</b>
<b>Transactions with owners of the Company (reviewed)</b>								
<b>Contributions and distributions</b>								
Dividends to the owners of the Company	-	-	-	-	-		(247,874)	<b>(247,874)</b>
<b>Total transactions with the owners of the Company (reviewed)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>(247,874)</b>	<b>(247,874)</b>
<b>Other changes in equity (reviewed)</b>								
Transfer of revaluation reserve to retained earnings due to depreciation and disposals of property, plant and equipment	-	-	-	-	(7,953)	-	7,953	-
<b>Balance at 30 June 2021 (reviewed)</b>	<b>3,464,436</b>	<b>103,049</b>	<b>(75,372)</b>	<b>7</b>	<b>108,419</b>	<b>392,276</b>	<b>1,591,184</b>	<b>5,583,999</b>

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

**Chief Executive Officer**  
 Alexandru – Aurelian Chirita

**Chief Financial Officer**  
 Stefan Alexandru Frangulea

17 August 2022

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2022 (reviewed)	30 June 2021 (reviewed)
<b>Cash flows from operating activities</b>			
(Loss)/Profit		<b>(175,498)</b>	<b>76,070</b>
<b>Adjustments for:</b>			
Depreciation		9,933	10,040
Amortisation		238,279	232,035
Reversal of impairment of property, plant and equipment, net		-	(137)
Gain on disposal of property, plant and equipment		(466)	(118)
Impairment of trade and other receivables, net	11	50,036	39,763
Adjustments for assets held for sale, net		79	181
Changes in employee benefits obligations		1,673	-
Change in provisions, net	15	2,117	9,630
Net finance cost		57,467	11,680
Income tax (benefit)/expense	10	(28,926)	27,276
Share of loss of associates		8	-
		<b>154,702</b>	<b>406,420</b>
<b>Changes in:</b>			
Trade receivables		(655,244)	(173,301)
Subsidies receivables	7	(1,132,076)	-
Other receivables		17,201	(930)
Prepayments		(9,882)	(7,245)
Inventories		(12,342)	(1,960)
Trade payables		68,103	(13,789)
Other payables		215,466	43,405
Employee benefits		(23,031)	(3,575)
Deferred revenue		9,728	610
<b>Cash generated from/(used in) operating activities</b>		<b>(1,367,375)</b>	<b>249,635</b>
Interest paid		(50,350)	(10,976)
Income tax paid		-	(18,363)
<b>Net cash generated from/(used in) operating activities</b>		<b>(1,417,725)</b>	<b>220,296</b>

(Continued on page 10)

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
 (All amounts are in THOUSAND RON, if not otherwise stated)

	Note	Six month period ended	
		30 June 2022 (reviewed)	30 June 2021 (reviewed)
<b>Cash flows from investing activities</b>			
Payments for purchase of property, plant and equipment		(4,948)	(5,734)
Payments for network construction related to concession agreements		(261,383)	(238,015)
Payments for purchase of other intangible assets		(1,890)	(1,168)
Proceeds from sale of property, plant and equipment		2,454	864
Interest received		443	1,399
Payments for acquisition of Subsidiaries	18	(3,006)	-
<b>Net cash used in investing activities</b>		<b>(268,330)</b>	<b>(242,654)</b>
<b>Cash flows from financing activities</b>			
Proceeds from long term bank borrowings	14	113,451	122,896
Proceeds from overdrafts	14	1,737,525	-
Repayment of long-term bank loans	14	(46,461)	(24,129)
Payment of lease liabilities		(9,630)	(7,958)
Dividends paid		(152,291)	(246,811)
<b>Net cash generated from financing activities</b>		<b>1,642,594</b>	<b>(156,002)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(43,461)</b>	<b>(178,360)</b>
Cash and cash equivalents at 1 January		(405,572)	405,963
<b>Cash and cash equivalents at 30 June</b>	12	<b>(449,033)</b>	<b>227,603</b>

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

The non-cash transactions are disclosed in Note 12.

**Chief Executive Officer**

Alexandru – Aurelian Chirita

**Chief Financial Officer**

Stefan Alexandru Frangulea

17 August 2022



**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
*(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 2022.

The registered office of the Company is 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 2022 and 31 December 2021, 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 (LSE). 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 2022 and 31 December 2021, the Company's subsidiaries are the following:

Subsidiary	Activity	Sole registration code	Head Office	% shareholding as at 30 June 2022	% shareholding as at 31 December 2021
Distributie Energie Electrica Romania S.A. ("DEER")	Electricity distribution in geographical areas Transilvania Nord, Transilvania Sud and Muntenia Nord	14476722	Cluj-Napoca	99.99999929%	99.99999929%
Electrica Furnizare S.A.	Electricity and natural gas supply	28909028	Bucuresti	99.9998415011992%	99.9998415011992%
Electrica Serv S.A.	Services in the energy sector (maintenance, repairs, construction)	17329505	Bucuresti	99.99998095%	99.99998095%
Electrica Producție Energie S.A	Electricity generation	44854129	Bucuresti	99.9920%	99.9920%
Electrica Energie Verde 1 S.R.L.* ("EEV1" – former Long Bridge Milenium S.R.L.)	Electricity generation	19157481	Bucuresti	100%*	100%*
Sunwind Energy S.R.L.	Electricity generation	42910478	Constanta	60%	-
New Trend Energy S.R.L.	Electricity generation	42921590	Constanta	60%	-

*\*indirect shareholding - Electrica Energie Verde 1 S.R.L. is 100% owned by Electrica Furnizare S.A. subsidiary.*

As at 30 June 2022 and 31 December 2021, the Company's associates are the following:

Associate	Activity	Sole registration code	Head Office	% shareholding as at 30 June 2022	% shareholding as at 31 December 2021
Crucea Power Park S.R.L.	Electricity generation	25242042	Constanta	30%	30%
Sunwind Energy S.R.L.	Electricity generation	42910478	Constanta	-	30%
New Trend Energy S.R.L.	Electricity generation	42921590	Constanta	-	30%
Foton Power Energy S.R.L.	Electricity generation	43652555	Constanta	30%	30%

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

***Changes in Group structure in the first semester of 2022***

On 21 March 2022, the Group acquired an additional 30% of the shares and voting interests in Sunwind Energy S.R.L.. As a result, the Group's equity interest increased from 30% to 60%, granting control of Sunwind Energy S.R.L.. (for further details please see Note 18).

On 27 May 2022, the Group acquired an additional 30% of the shares and voting interests in New Trend Energy S.R.L.. As a result, the Group's equity interest increased from 30% to 60%, granting control of New Trend Energy S.R.L.. (for further details please see Note 18).

***Group's main activities***

The activities of the Group include operation and construction of electricity distribution networks and electricity and natural gas supply to final consumer, 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, Dambovită, 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.

***Electricity distribution***

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):

<b>Orders 221, 222, 220/09.12.2020</b>			
<b>1 January 2021 – 31 December 2021</b>			
	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
<b>Order 119/25.11.2021</b>			
<b>1 January 2022 -31 March 2022</b>			
	High voltage	Medium voltage	Low voltage
Transilvania Nord area	21.79	48.13	122.78
Transilvania Sud area	22.34	45.49	127.04
Muntenia Nord area	21.02	43.54	140.68
<b>Order 28/23.03.2022</b>			
<b>Starting 1 April 2022</b>			
	High voltage	Medium voltage	Low voltage
Transilvania Nord area	23.77	57.49	144.73
Transilvania Sud area	24.63	54.52	158.84
Muntenia Nord area	23.35	56.70	175.26

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

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***Electricity supply***

Due to the increase in energy price on the international and national markets and the impact thereof on Romanian consumers, starting with 1 November 2021 up to 31 March 2022, consumer support schemes were implemented as approved by Order no. 118/2021, approved and modified by Law no. 259/2021 and amended by Order no. 130/2021, Order no. 2/2022, and Order no. 3/2022. The following support mechanisms have been put in place: compensation of household consumers for part of the electricity invoices, exemption (until 31 January 2022) of several types of non-household consumers from payment of regulated tariffs and other taxes/contributions, capping the selling price for household and non-household consumers (until 31 January for certain types of non-household consumers, starting 1 February 2022 for all non-household consumers), suspending the invoice payment for vulnerable consumers.

The amounts compensated will be received by the Group from the National Agency for Payments and Social Inspection ("ANPIS") for household consumers and from the Ministry of Energy for non-household consumers. The amounts should be recovered in 30 days after submitting the required documentation to ANPIS or Ministry of Energy.

On 18 March 2022, it was issued the Government Emergency Ordinance (GEO) no. 27 related to the application between 1 April 2022 – 31 March 2023 of new capping schemes for electricity and natural gas, as well as the regularization with the new calculation schemes for the period 1 November 2021 – 31 March 2022. The Ordinance also provides for the method for implementing these schemes and the settlement mechanism of the amounts granted as support to customers and their recoverability from the State budget including the regularization of the amounts to be recovered based on the new schemes for the period 1 November 2021 up to 31 March 2022.

***Electricity generation***

***Green certificates***

Electricity producers are entitled by to receive a certain number of green certificates for each MWh of electricity produced from renewable sources and injected into the network, according to Law no. 220/2008 and based on the accreditation issued by ANRE. Photovoltaic Stanesti Park is accredited to receive 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 and are to be recovered in equal tranches from 1 January 2021 to 31 December 2030.

For the six month period ended 30 June 2022, the trading of green certificates was carried out at the minimum price on all markets, 144.6598 RON/CV (2021: 142.2107 RON/CV) as a result of the excess GC offered for sale compared to the suppliers' purchasing obligations.

***Increase in electricity price impact***

Following the total liberalization of the electricity market from 1 January 2021 for all types of consumers, the international context of the energy markets characterized by an imbalance between supply and demand at European level, corroborated with the energy policies developed both at EU and national level, has led to an increase in electricity prices.

The aforementioned difficult conditions led to an increase in operating expenses, mainly for the acquisition of electricity for network losses of electricity distribution networks and for the supply activity. The unstable economic environment led to a decrease in financial performance for 2021 and continued in the six month period ended 2022, but with no significant difficulties in receivables collection.

The Group actively reviews and implements policies and strategies to recover from the loss generated by the increase in electricity price and liquidity management, which are mainly focused on revising the method used to determine the selling price to final consumers, concluding agreements with specific clauses, ensuring new financing facilities, closely monitoring suppliers and consumers payment terms, monitoring daily and forecasted cash flow.

**SOCIETATEA ENERGETICA ELECTRICA S.A.**  
**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
AS AT AND FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022  
*(All amounts are in THOUSAND RON, if not otherwise stated)*

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The Group continues to closely monitor the macroeconomic outlook and as additional information will be available, their effects on the operations of Group companies and over financial results will be analyzed.

***Geopolitical tensions***

In February 2022 global geopolitical tensions significantly escalated following military interventions in Ukraine by the Russian Federation. As a result of these escalations, economic uncertainties in energy and capital markets have increased, with global energy prices expected to be highly volatile for the foreseeable future. As at the date of these interim financial statements, management is unable to reliably estimate the effects on the Groups financial outlook and cannot exclude adverse consequence on the business, operations, and financial position. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances and that judgements used in these financial statements remain appropriate.

**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 2021. 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 2021.

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 2022.

**Going concern**

The consolidated condensed interim financial statements have been prepared on the going concern basis. In making this judgement management considers current trading performance and access to finance resources. The Group has prepared a forecast that includes the following assumptions:

- An improvement in the operational cash flow for the second half of the year as a result of the receipt of subsidies from the State compared to the first part of 2022 when the Group pre-financed the support schemes for consumers. The effects of GEO 27/2022 will continue until 31 March 2023 (the price for final customers will be capped and the subsidies will be collected from the State). The first 3 months of 2022 were under the incidence of Law 118/2021 in which the capping of prices for final customers was applied (under the incidence of which the consolidated annual financial statements were published) which was later continued by GEO 27/2022 for the period 1 April 2022 – 31 March 2023;
- There is an expectation of renewal of financing facilities within the limit of RON 3,068,887 thousand, including overdraft limits in the amount of RON 2,369,873 thousand (please see Note 12 and 14) and other loan facilities in the amount of RON 699,014 thousand (please see Note 14);
- Due to trading conditions reported in current and prior period, financial loan covenants were breached on facilities amounting to RON 447,055 thousand as at 30 June 2022 (please see Note 14). The Group has successfully negotiated with BCR and expects to successfully conclude negotiations with the remaining lenders for which breaches were noted, in the subsequent period;
- Also, the Group obtained the approval of the GSM to perform one or more bond issuance within a ceiling of up to 900,000 th RON in the period 2022-2023, mainly for the development of green energy generation projects. The intention is to make a first issuance of up to RON 450,000 thousand by the end of 2022, and until its use in the operationalization of green energy production projects, the respective amounts attracted will be able to be used as a liquidity buffer at the Group level.

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Currently, the projections are based on the latest assumptions that include the application of GEO 27/2022. At the date of publication of these condensed consolidated interim financial statements, the regulatory position is under review and there may be additional laws that could have a negative impact on the Group's operational cash flows after the date of publication. Considering the importance of the Group both as a supplier and distributor of electricity for the Romanian market, having a market share of 39.9% (according to the latest ANRE 2021 report available for the distribution segment) in the electricity distribution and supply segment is market leader with a share of 17.23%, it is also a leader on the FUI market, with a market share of 28.11% and on the competitive market with a share of 13% (according to ANRE April 2022 report), and the fact as the main shareholder of Electrica SA is the Romanian State, the management believes that sufficient financing will be available to cover any financing requirement that could result from these uncertainties and the Group will be able to fulfil its obligations when due.

Access to new financing facilities from credit institutions was confirmed in the first 6 months of the year, the structure by which ELSA guarantees its subsidiaries being accepted by all the main banks of the Group and approved by all systemic banks in Romania. In addition, following discussions between ACUE, ANRE, the Ministry of Energy and the Ministry of Finance, it is expected to adopt a normative act regarding the acceptance of the capitalization of the price difference at CPT by energy operators/distributors for a period of up to 5 years, similar to the one provided for the recovery of this difference through tariffs, which leads to the improvement of financial indicators as EBITDA and operational profitability. The National Energy Regulatory Authority expressed its willingness to issue a comfort letter to confirm the amounts related to the price difference at CPT in order to capitalize them.

Based on the above forecasts and other information, taking into account the measures already implemented and the risk reduction strategies that may appear due to the instability of the economic environment, the Board of Directors has, at the time of approval of the condensed consolidated interim financial statements, reasonable expectations that the Group has of adequate resources to continue its operational activity in the foreseeable future. Thus, the management continues to adopt the going concern basis of accounting in preparing the consolidated financial statements.

### ***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 2021.

### **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**

Except as described below, 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 2021.

The additional accounting policy will also be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2022.

The new amendments to existing standards that are effective starting with 1 January 2022 do not have a significant impact over the Group's condensed consolidated interim financial statements.

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**Government Grants**

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other income on a systematic basis in the periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

**5 Operating segments**

**(a) Basis for segmentation**

The following summary describes the operations of each reportable segment:

<b>Reportable segments</b>	<b>Operations</b>
Electricity and natural gas supply	Supplying electricity and natural gas to final consumers (includes Electrica Furnizare S.A.).
Electricity distribution	Operation, maintenance and construction of electricity networks operated by the Group (includes Distributie Energie Electrica Romania S.A. and the activity performed by Electrica Serv S.A within the distribution network).
Electricity generation	Production of electricity from renewable sources (includes Electrica Energie Verde 1 S.R.L., Electrica Productie Energie S.A., Sunwind Energy S.R.L., New Trend Energy S.R.L.).
External electricity network maintenance	Repairs, maintenance and other services for electricity networks owned by other distributors (Electrica Serv S.A., without the activity performed in the electricity distribution segment).

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 segment. This integration includes electricity distribution and shared electricity network maintenance services. Inter-segment pricing policy is determined on an arm's length basis.

All assets are allocated to reportable segments, except for investments in associates and deferred tax assets.

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### (b) Information about reportable segments

Six month period ended 30 June 2022 (reviewed)	Electricity and natural gas supply	Electricity distribution	Electricity generation	External electricity network maintenance	Total for reportable segments	Headquarter	Consolidation eliminations and adjustments	Consolidated total
External revenues	3,804,645	804,755	7,182	12,209	4,628,791	-	-	4,628,791
Inter-segment revenue	28,096	753,376	3,458	22,228	807,158	-	(807,158)	-
<b>Segment revenue</b>	<b>3,832,741</b>	<b>1,558,131</b>	<b>10,640</b>	<b>34,437</b>	<b>5,435,949</b>	<b>-</b>	<b>(807,158)</b>	<b>4,628,791</b>
<b>Other income</b>	<b>1,244,314</b>	<b>67,596</b>	<b>48</b>	<b>7,913</b>	<b>1,319,871</b>	<b>1,339</b>	<b>(16,880)</b>	<b>1,304,330</b>
<b>Segment profit/(loss) before tax</b>	<b>253,732</b>	<b>(460,833)</b>	<b>6,333</b>	<b>(12,605)</b>	<b>(213,373)</b>	<b>10,402</b>	<b>(1,453)</b>	<b>(204,424)</b>
Net finance (cost)/ income	(27,512)	(60,940)	(394)	1,229	(87,617)	31,595	(1,445)	(57,467)
Amortization and depreciation	(5,904)	(234,639)	(1,182)	(5,660)	(247,385)	(827)	-	(248,212)
Impairment of assets held for sale	-	-	-	(79)	(79)	-	-	(79)
Adjusted EBITDA*	287,148	(165,254)	7,909	(8,095)	121,708	(20,366)	(8)	101,334
(Impairment)/Reversal of impairment of trade and other receivables, net	(52,106)	1,945	-	118	(50,043)	7	-	(50,036)
Segment profit/(loss) after tax	212,800	(392,723)	5,289	(9,828)	(184,462)	10,417	(1,453)	(175,498)
Employee benefits	(49,962)	(305,183)	(59)	(19,622)	(374,826)	(14,622)	-	(389,448)
Capital expenditure	2,944	236,318	-	782	240,044	1,833	-	241,877
<b>Six month period ended 30 June 2021 (reviewed)</b>								
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)	-
<b>Segment revenue</b>	<b>2,647,698</b>	<b>1,280,582</b>	<b>2,021</b>	<b>29,310</b>	<b>3,959,611</b>	<b>-</b>	<b>(699,538)</b>	<b>3,260,073</b>
<b>Other income</b>	<b>13,888</b>	<b>64,618</b>	<b>-</b>	<b>9,375</b>	<b>87,881</b>	<b>521</b>	<b>(9,856)</b>	<b>78,546</b>
<b>Segment profit/(loss) before tax</b>	<b>22,476</b>	<b>103,938</b>	<b>(542)</b>	<b>(17,772)</b>	<b>108,100</b>	<b>326,496</b>	<b>(331,250)</b>	<b>103,346</b>
Net finance income/(cost)	2,404	(34,596)	(400)	508	(32,084)	351,654	(331,250)	(11,680)
Amortization and depreciation	(6,718)	(228,132)	(1,144)	(4,908)	(240,902)	(1,173)	-	(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)	381,130	(23,985)	-	357,145
(Impairment)/Reversal of impairment of trade and other receivables, net	(13,144)	(26,786)	-	96	(39,834)	71	-	(39,763)
Segment profit/(loss) after tax	17,883	78,894	(457)	(15,494)	80,826	326,494	(331,250)	76,070
Employee benefits	(50,085)	(297,545)	(15)	(25,520)	(373,165)	(16,895)	-	(390,060)
Capital expenditure	3,751	182,226	5	560	186,542	993	-	187,535

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<b>At 30 June 2022 (reviewed)</b>	<b>Electricity and natural gas supply</b>	<b>Electricity distribution</b>	<b>Electricity generation</b>	<b>External electricity network maintenance</b>	<b>Total for reportable segments</b>	<b>Headquarter</b>	<b>Consolidation eliminations and adjustments</b>	<b>Consolidated total</b>
<b>Segment assets</b>	<b>3,073,994</b>	<b>7,574,407</b>	<b>56,958</b>	<b>421,163</b>	<b>11,126,522</b>	<b>635,559</b>	<b>(2,201,742)</b>	<b>9,560,339</b>
Trade and other receivables	1,774,178	541,310	2,180	91,333	<b>2,409,001</b>	527,285	(968,709)	<b>1,967,577</b>
Subsidies receivables	1,132,076	-	-	-	<b>1,132,076</b>	-	-	<b>1,132,076</b>
Cash and cash equivalents	44,400	116,060	6,718	5,231	<b>172,409</b>	5,960	-	<b>178,369</b>
Trade and other payables and short term employee benefits	1,663,171	698,707	22,125	33,855	<b>2,417,858</b>	52,749	(949,231)	<b>1,521,376</b>
Bank overdrafts	1,467,076	693,852	-	-	<b>2,160,928</b>	208,945	-	<b>2,369,873</b>
Lease liability	2,487	35,887	9,995	2,271	<b>50,640</b>	245	-	<b>50,885</b>
Bank borrowings	-	699,014	-	-	<b>699,014</b>	-	-	<b>699,014</b>
<b>At 31 December 2021 (audited)</b>								
<b>Segment assets</b>	<b>1,422,316</b>	<b>8,085,802</b>	<b>41,206</b>	<b>417,744</b>	<b>9,967,068</b>	<b>182,509</b>	<b>(2,266,441)</b>	<b>7,883,136</b>
Trade and other receivables	1,216,895	1,057,157	998	85,924	<b>2,360,974</b>	75,106	(1,042,861)	<b>1,393,219</b>
Cash and cash equivalents	60,231	145,741	2,635	7,466	<b>216,073</b>	5,757	-	<b>221,830</b>
Trade and other payables and short term employee benefits	1,380,664	826,256	24,373	27,917	<b>2,259,210</b>	53,551	(1,016,329)	<b>1,296,432</b>
Bank overdrafts	298,602	208,109	-	-	<b>506,711</b>	120,691	-	<b>627,402</b>
Lease liability	3,270	15,147	-	2,614	<b>21,031</b>	513	-	<b>21,544</b>
Bank borrowings	-	628,489	-	-	<b>628,489</b>	-	-	<b>628,489</b>

\*Adjusted EBITDA (Earnings before interest, tax, depreciation and amortisation) 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) adjustments for 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.



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**6 Revenue**

	<b>Six month period ended</b>	
	<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
Electricity distribution and supply	4,200,569	3,024,076
Supply of natural gas	164,102	27,023
Construction revenue related to concession agreements	236,318	182,226
Repairs, maintenance and other services rendered	23,315	25,899
Sale of green certificates	2,232	480
Services related to re-connection fees	1,607	130
Sales of merchandise	648	239
<b>Total</b>	<b>4,628,791</b>	<b>3,260,073</b>

In respect of timing of revenue recognition, most of the Group's services provided are transferred to the customer over time, only a small part amounting to RON 1,088 thousand (six month period ended 30 June 2021: RON 1,010 thousand) being transferred at a point in time (e.g. metering services provided by the distribution companies, providing periodic data analysis to customers for certain taxes collected on their behalf).

**7 Other income**

	<b>Six month period ended</b>	
	<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
Subsidies	1,211,300	-
Rental income	46,498	50,859
Late payment penalties from customers	14,368	7,908
Other	32,164	19,779
<b>Total</b>	<b>1,304,330</b>	<b>78,546</b>

During the six month period ended 30 June 2022, Electrica Furnizare S.A. recognized subsidies in amount of RON 1,211,300 thousand, out of which RON 1,132,076 thousand remaining to be received from the Ministry of Energy following the application of the capping price mechanism for the electricity and natural gas as approved by Order no. 118/2021 with subsequent amendments and GEO no. 27/2022.

**8 Electricity and natural gas purchased**

	<b>Six month period ended</b>	
	<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
Electricity purchased	4,409,233	1,853,503
Green certificates purchased	294,465	287,949
Natural gas purchased	233,898	25,098
<b>Total</b>	<b>4,937,596</b>	<b>2,166,550</b>

The supply subsidiary has a legal obligation to purchase green certificates from producers of electricity from renewable sources, based on annual targets or quotas set by law, which are applied to the quantity of electricity purchased and supplied to final customers. The cost of green certificates is then invoiced to final customers separately from electricity tariffs and included in the caption "Electricity distribution and supply" as presented in Note 6.

**9 Earnings per share**

The calculation of basic and diluted earnings per share has been based on the following profit or loss attributable to

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Company's shareholders and weighted-average number of ordinary shares outstanding:

*Profit or loss for the period attributable to the Company's shareholders*

	<b>Six month period ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(reviewed)</b>	<b>(reviewed)</b>
Profit/(Loss) for the period attributable to the owners of the Company	(175,480)	76,070
<b>Profit/(Loss) for the period attributable to Company's shareholders</b>	<b>(175,480)</b>	<b>76,070</b>

*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 (unaudited and not reviewed) as at 30 June 2022 is 339,553,004 (30 June 2021: 339,553,004).

**Earnings per share**

	<b>Six month period ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(reviewed)</b>	<b>(reviewed)</b>
Basic and diluted earnings/(loss) per share (RON)	<b>(0.52)</b>	<b>0.22</b>

**Dividends**

On 20 April 2022 the General Shareholders Meeting of the Company approved dividend distribution of RON 152,799 thousand (2021: RON 247,874 thousand). The dividend per share distributed is RON 0.45 per share (2021: RON 0.73 per share).

**10 Income tax**

*(i) Amounts recognised in profit or loss*

	<b>Six month period ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>(reviewed)</b>	<b>(reviewed)</b>
Tax expense	14	18,514
Deferred tax (benefit)/ expense	(28,940)	8,762
<b>Total income tax (benefit)/expense</b>	<b>(28,926)</b>	<b>27,276</b>

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**(ii) Movement in deferred tax balances**

30 June 2022	Balance at 30 June 2022					
	Net balance at 1 January 2022	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	39,838	(2,764)	-	37,074	-	37,074
Intangible assets related to concession agreements	187,500	6,072	-	193,572	-	193,572
Employee benefits	(23,940)	2,462	1,550	(19,928)	(19,928)	-
Impairment of trade receivables	(24,732)	1,080	-	(23,652)	(23,652)	-
Tax loss carried forward	(95,972)	(37,490)	-	(133,462)	(133,462)	-
Other items	(4,299)	1,700	-	(2,599)	(2,599)	-
<b>Tax liabilities/(assets) before set-off</b>	<b>78,395</b>	<b>(28,940)</b>	<b>1,550</b>	<b>51,005</b>	<b>(179,641)</b>	<b>230,646</b>
Set off of tax					137,188	(137,188)
<b>Net tax liabilities/(assets)</b>					<b>(42,453)</b>	<b>93,458</b>

The Group recognised a deferred tax benefit mainly from the recognition of a deferred tax asset in relation to the tax loss of 2022 incurred by Distributie Energie Electrica Romania S.A. subsidiary. The recognition was based on the latest management assumptions and judgements in which the subsidiary will generate future taxable profit in the following 7 years, against which tax losses can be used. The 7-year period is the maximum period over which the companies are allowed to recover tax losses in the current tax jurisdiction (Romania).

30 June 2021	Balance at 30 June 2021					
	Net balance at 1 January 2021	Recognised in profit or loss	Recognised in other comprehensive income	Net	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	41,757	(2,195)	-	39,562	-	39,562
Intangible assets related to concession agreements	171,712	8,595	-	180,307	-	180,307
Employee benefits	(22,603)	(1,041)	(709)	(24,353)	(24,353)	-
Impairment of trade receivables	(20,859)	(1,370)	-	(22,229)	(22,229)	-
Tax loss carried forward	(7,765)	3,795	-	(3,970)	(3,970)	-
Other items	(4,121)	978	-	(3,143)	(3,143)	-
<b>Tax liabilities/(assets) before set-off</b>	<b>158,121</b>	<b>8,762</b>	<b>(709)</b>	<b>166,174</b>	<b>(53,695)</b>	<b>219,869</b>
Set off of tax					32,120	(32,120)
<b>Net tax liabilities/(assets)</b>					<b>(21,575)</b>	<b>187,749</b>

**11 Trade receivables**

	30 June 2022 (reviewed)	31 December 2021 (audited)
Trade receivables, gross	2,967,242	2,325,477
Bad debt allowance	(1,030,825)	(980,858)
<b>Total trade receivables, net</b>	<b>1,936,417</b>	<b>1,344,619</b>

Receivables from related parties are disclosed in Note 17.

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Following the adoption of Order no. 118/2021 with subsequent amendments approved by Law no. 259/2021 with subsequent amendments and Order no. 226/2021 on the capping and compensation mechanism, part of the receivables of Electrica Furnizare S.A. subsidiary from sale of electricity and gas to final consumers will be recovered from the Romanian State through the National Agency for Payments and Social Inspection and Ministry of Energy. The amounts estimated to be received are RON 7,401 thousand (31 December 2021: RON 59,271 thousand) from the National Agency for Payments and Social Inspection for household consumers and RON 36,676 thousand (31 December 2021: RON 11,420 thousand) from the Ministry of Energy for non-household consumers.

The amounts will be recovered in 30 days after submitting the required documentation to the National Agency for Payments and Social Inspection or Ministry of Energy, as applicable.

The reconciliation between the opening balances and the closing balances of the impairment on the lifetime expected credit losses is as follows:

<b>Lifetime expected credit losses</b>	<b>Six month period ended</b>	
	<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
<b>Balance as at 1 January (audited)</b>	<b>980,858</b>	<b>949,573</b>
Loss allowance recognized	62,747	47,072
Loss allowance reversed	(12,437)	(7,309)
Amounts written off	(343)	(273)
<b>Balance as at 30 June (reviewed)</b>	<b>1,030,825</b>	<b>989,063</b>

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 subsidiary 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 completion of bankruptcy procedures. These receivables were treated separately in computing the allowance according to IFRS 9.

## **12 Cash and cash equivalents**

	<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
<b>Total cash and cash equivalents in the condensed consolidated statement of financial position</b>	<b>178,369</b>	<b>316,578</b>
Overdrafts used for cash management purposes	(627,402)	(88,975)
<b>Total cash and cash equivalents in the condensed consolidated statement of cash flows</b>	<b>(449,033)</b>	<b>227,603</b>
<b>Restricted cash - short term</b>	<b>-</b>	<b>320,000</b>

The Group has overdrafts from various banks (ING Bank N.V., Raiffeisen Bank, Banca Comerciala Romana, Banca Transilvania, BNP Paribas, Intesa Sanpaolo Bank and BRD – Groupe Societe Generale) with a total overdraft limit of up to RON 2,503,800 thousand and maturities ranging from July 2022 to January 2024.

Only a part of the overdrafts in amount of RON 627,402 thousand are used for cash management purposes, the rest of the overdrafts are used in financing the current activity (please see Note 14) .

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

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- set-off between trade receivables and trade payables of RON 13,476 thousand for the six month period ended 30 June 2022 (six month period ended 30 June 2021: RON 5,087 thousand).

**13 Other payables**

	<b>30 June 2022 (reviewed)</b>		<b>31 December 2021 (audited)</b>	
	<b>Current</b>	<b>Non-current</b>	<b>Current</b>	<b>Non-current</b>
VAT payable	276,693	-	133,833	-
Liabilities towards the State	7,533	-	7,148	-
Other liabilities	196,831	38,226	130,282	32,732
<b>Total</b>	<b>481,057</b>	<b>38,226</b>	<b>271,263</b>	<b>32,732</b>

Other liabilities include mainly guarantees, connection fees, habitat tax and cogeneration contribution.

Other non-current liabilities refer to guarantees from customers related to electricity supply.

**14 Long-term bank borrowings**

Proceeds and payments of borrowings during the six month period ended 30 June 2022 were as follows:

	<b>Currency</b>	<b>Interest rate</b>	<b>Maturity year</b>	<b>Long term bank borrowings</b>	<b>Overdrafts not used for cash management purposes</b>
<b>Balance at 1 January 2022 (audited)</b>				<b>628,489</b>	<b>-</b>
<b>Proceeds during the period, out of which:</b>					
EBRD	RON	Floating rate (1.15% + interbank rate + ROBOR spread)	2031	113,451	-
<b>Proceeds from overdrafts</b>				-	1,737,525
<b>Total proceeds</b>				<b>113,451</b>	<b>1,737,525</b>
Accumulated interest				5,071	4,946
Payment of interest				(1,536)	-
<b>Payments of borrowings, out of which:</b>					
BRD	RON	3.99%	2026	(10,400)	-
BRD	RON	3.85%	2028	(12,857)	-
Banca Transilvania	RON	4.59%	2027	(8,929)	-
UniCredit Bank	RON	3.85%	2026	(4,800)	-
BCR	RON	ROBOR 3M+1%	2028	(9,475)	-
<b>Total payments of borrowings</b>				<b>(46,461)</b>	<b>-</b>
<b>Balance at 30 June 2022 (reviewed)</b>				<b>699,014</b>	<b>1,742,471</b>

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As at 30 June 2022 and 31 December 2021, the long term bank borrowings are as follows:

<b>Lender</b>	<b>Borrower</b>	<b>Balance at 30 June 2022 (reviewed)</b>	<b>Balance at 31 December 2021 (audited)</b>
Banca Transilvania	Distributie Energie Electrica Romania S.A.	89,300	98,227
UniCredit Bank	Distributie Energie Electrica Romania S.A.	43,636	48,498
BRD	Distributie Energie Electrica Romania S.A.	247,929	271,199
BCR	Distributie Energie Electrica Romania S.A.	119,023	128,243
EBRD	Distributie Energie Electrica Romania S.A.	199,126	82,322
<b>Total, out of which:</b>		<b>699,014</b>	<b>628,489</b>
Current portion of the long-term bank borrowings		588,914	508,197
Accumulated interest		5,071	1,536
Long term borrowings		105,029	118,756

As at 30 June 2022, the overdrafts are as follows:

<b>Lender</b>	<b>Borrower</b>	<b>Overdrafts used for cash management purposes</b>	<b>Overdrafts not used for cash management purposes</b>
BTRL	DistributieEnergieElectricaRomaniaS.A.	109,748	47,098
BTRL	ElectricaFurnizareS.A.	-	186,867
BCR	DistributieEnergieElectricaRomaniaS.A.	-	216,784
BCR	ElectricaFurnizareS.A.	16,066	230,934
INTESA SAN PAOLO	DistributieEnergieElectricaRomaniaS.A.	98,354	36,646
ING Bank N.V.	ElectricaSA	120,691	87,228
ING Bank N.V.	ElectricaFurnizareS.A.	-	154,070
Raiffeisen Bank	DistributieEnergieElectricaRomaniaS.A.	-	183,462
Raiffeisen Bank	ElectricaFurnizareS.A.	282,543	61,006
Unicredit Bank SA	ElectricaFurnizareS.A.	-	298,983
BRD	ElectricaFurnizareS.A.	-	211,264
BNP Paribas	ElectricaFurnizareS.A.	-	23,183
<b>Total</b>		<b>627,402</b>	<b>1,737,525</b>
<b>Accumulated interest</b>			<b>4,946</b>
<b>Total Overdrafts</b>			<b>2,369,873</b>

**Financial Covenants**

*1) Banca Comerciala Romana loan agreement*

The agreement with Banca Comerciala Romana stipulates one financial covenant: *leverage ratio* (Net Consolidated Debt to Consolidated EBITDA) for the 12 months period ending on the last day of the Group's financial year and each 12 months period ending on the last day of the first half of the Group's financial year, of no more than 3:1, which should be fulfilled by the Borrower. The Group exceeded its maximum leverage threshold as at 30 June 2022 and 31 December 2021, the entire amount of the loan being repayable on demand.

As at 30 June 2022 and 31 December 2021, due to the breach in the covenant, the Group presented the entire loan payable in "Current portion of long-term bank borrowings" on the consolidated statement of financial position. The Group has obtained a waiver from the fulfillment of this condition for the loan to not be repayable on demand (please see Note 20).

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*2) European Bank for Reconstruction and Development loan agreement*

The agreement with European Bank for Reconstruction and Development stipulates two financial covenants: *interest coverage ratio* (EBITDA for the 12 months preceding the date of calculation to interest payments on all Financial Debt due or accrued during such period) of not less than 3.00:1.00, which should be fulfilled by the Borrower and *Net Debt to Consolidated EBITDA* for the 12 months preceding the date of calculation of not more than 3.00:1.00 to be fulfilled by the guarantor Electrica SA at each financial year and of the first half of each financial year. Any breach in either of the covenants would constitute non-compliance leading to repayment of the loan on demand.

As at 31 December 2021 and 30 June 2022, the Group exceeded its maximum threshold for the covenant *Net Debt to Consolidated EBITDA* and recognized the entire debt in "Current portion of long-term bank borrowings" on the Consolidated Statement of Financial Position.

On 24 February 2022, EBRD issued a waiver letter in respect to the Loan agreement for:

- (a) the Guarantor's Financial Ratio, but in respect of its financial year ending 31 December 2021 only;
- (b) the Event of Default that has occurred and is continuing pursuant to Section 7.01(b) (Financial ratio) of the Loan Agreement, but only in respect of the Guarantor's failure to comply with the Guarantor's Financial Ratio for the financial year ending 31 December 2021.

As at 30 June 2022, The Group is in the process of obtaining a new waiver for the loan to not be repayable on demand.

*3) European Investment Bank loan agreement*

The agreement with European Investment Bank with a maximum loan value of EUR 120,000 thousand, out of which no drawings were yet made, stipulates two financial covenants: *interest coverage ratio* (the ratio of EBITDA to Net Finance Charges) shall not be less than 3x and *net leverage ratio* (the ratio of total Net Debt to EBITDA) shall not be more than 3x, calculated at each relevant period, which must be fulfilled by the guarantor Electrica SA. Relevant period means each period of 12 months ending on or about the last day of the Financial Year and each period of 12 months ending on or about the last day of each Financial Semester. As at 30 June 2022 and 31 December 2021, the Group exceed the maximum threshold for both covenants, bearing the risk of not being able to make drawings from the loan.

*4) BRD-Groupe Societe Generale loan agreements*

In the loan agreements with BRD-Groupe Societe Generale, due to the existence of the non-performance clause with cross effect, whereby the non-fulfillment of financial obligation resulting from other loan agreements concluded with other credit institutions constitutes a breach of current contractual terms having as possible effect repayment on demand, as at 30 June 2021 and 31 December 2021, the Group presented the entire loan payable in "Current portion of long-term bank loans" in the consolidated statement of financial position.

**15 Provisions**

	<b>Fiscal</b>	<b>Others</b>	<b>Total provisions</b>
<b>Balance at 1 January 2022 (audited)</b>	<b>1,084</b>	<b>33,838</b>	<b>34,922</b>
Provisions recognised	-	8,044	8,044
Provisions used	-	(2,895)	(2,895)
Provisions reversed	-	(3,032)	(3,032)
<b>Balance at 30 June 2022 (reviewed)</b>	<b>1,084</b>	<b>35,955</b>	<b>37,039</b>

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As at 30 June 2022 provisions mainly refer to benefits upon the termination of executive directors' mandate contracts in the form of a non-compete clause of RON 1,268 thousand (31 December 2021: RON 3,971 thousand) and for various claims and litigations involving the Group companies with a total amount of RON 34,687 thousand (31 December 2021: RON 30,951 thousand).

## **16 Financial instruments – fair values**

### **(a) Accounting classifications and fair values**

According to IFRS 9, financial assets are measured at amortised cost because 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).

## **17 Related parties**

### **(a) Main shareholders**

As at 30 June 2022 and 31 December 2021, 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 directors' compensation**

	<b>Six month period ended</b>	
	<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
<b>Executive management compensation</b>	<b>18,257</b>	<b>13,596</b>

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 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:



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<b>Six month period ended</b>	
<b>30 June 2022 (reviewed)</b>	<b>30 June 2021 (reviewed)</b>
<b>1,879</b>	<b>2,398</b>

**(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 and gas, transport and system services and sale of electricity. Significant purchases and balances are mainly with electricity and gas producers/suppliers, as follows:

<b>Supplier</b>	<b>Purchases (excluding VAT)</b>		<b>Balance (including VAT)</b>	
	<b>Six month period ended 30 June 2022 (reviewed)</b>	<b>Six month period ended 30 June 2021 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>	<b>31 December 2021 (audited)</b>
OPCOM	1,208,099	507,357	23,903	29,203
Transelectrica	485,402	322,976	139,234	155,931
Nuclearelectrica	331,473	257,852	32,446	43,343
Complexul Energetic Oltenia	211,004	195,033	25,269	31,502
Hidroelectrica	287,156	125,926	67,636	19,711
Electrocentrale Bucuresti	181,919	-	-	-
ANRE	10,295	4,858	5,124	132
Transgaz	4,094	-	134	1,226
SNGN Romgaz SA	52,686	-	3,278	3,305
Others	3,477	7,613	936	1,332
<b>Total</b>	<b>2,775,605</b>	<b>1,421,615</b>	<b>297,960</b>	<b>285,685</b>

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

<b>Client</b>	<b>Sales (excluding VAT)</b>	<b>Balance, gross (including VAT)</b>	<b>Allowance</b>	<b>Balance, net</b>
	<b>Six month period ended 30 June 2022 (reviewed)</b>	<b>30 June 2022 (reviewed)</b>		
OPCOM	155,939	21,802	-	21,802
Transelectrica	87,884	53,010	-	53,010
Hidroelectrica	37,837	6,600	-	6,600
CN Romarm	11,064	4,740	-	4,740
SNGN Romgaz	20,644	12,537	-	12,537
Transgaz	7,953	1,604	-	1,604
CFR Electrificare	5,083	398	-	398
CN Remin SA	718	71,435	(71,216)	219
Oltchim	-	536,156	(536,156)	-
C.N.C.A.F. MINVEST SA	-	26,802	(26,802)	-
CET Braila	9	3,371	(3,361)	10
Termoelectrica	-	1,206	(1,206)	-
National Agency for Payments and Social Inspection	-	7,401	-	7,401
Ministry of Energy (*)	-	1,168,752	-	1,168,752
Others	20,979	5,662	(647)	5,015
<b>Total</b>	<b>348,110</b>	<b>1,921,476</b>	<b>(639,388)</b>	<b>1,282,088</b>

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(\*) During the six month period ended 30 June 2022, Electrica Furnizare S.A. recognized subsidies in amount of RON 1,132,076 thousand, to be received from the Ministry of Energy, following the application of the capping price mechanism for the electricity and natural gas as approved by Order no. 118/2021 with subsequent amendments and GEO no. 27/2022.

	<b>Sales (without VAT)</b>	<b>Balance, gross (including VAT)</b>	<b>Allowance (including VAT)</b>	<b>Balance, net</b>
<b>Client</b>	<b>Six month period ended 30 June 2021 (reviewed)</b>		<b>31 December 2021 (audited)</b>	
OPCOM	32,886	28,468	-	28,468
Transelectrica	17,209	27,091	-	27,091
SNGN Romgaz SA	11,703	1,664	-	1,664
Hidroelectrica	5,062	2,638	-	2,638
CN Romarm	7,044	1,093	-	1,093
CFR Electrificare	4,794	507	-	507
C.N.C.F CFR SA	3,763	701	(1)	700
CNAIR	3,768	962	-	962
Municipiul Galati	4,545	12	(12)	-
Transgaz	405	1,571	-	1,571
CN Remin SA	269	71,216	(71,216)	-
C.N.C.A.F MINVEST SA	-	26,802	(26,802)	-
Oltchim	-	536,156	(536,156)	-
CET Braila	11	3,361	(3,361)	-
Termoelectrica	-	1,206	(1,206)	-
National Agency for Payments and Social Inspection	-	59,271	-	59,271
Ministry of Energy	-	11,420	-	11,420
ANAR-Adm.Nat.Apele Romane	97	-	-	-
Consiliul Judetean Galati	5,383	-	-	-
Others	9,531	2,204	(536)	1,668
<b>Total</b>	<b>106,470</b>	<b>776,343</b>	<b>(639,290)</b>	<b>137,053</b>

## 18 Acquisition of subsidiaries

On 21 March 2022 the Group acquired an additional 30% of the shares and voting interests in Sunwind Energy S.R.L.. As a result, the Group's equity interest increased from 30% to 60%, gaining control of Sunwind Energy S.R.L..

On 27 May 2022 the Group acquired an additional 30% of the shares and voting interests in New Trend Energy S.R.L.. As a result, the Group's equity interest increased from 30% to 60%, gaining control of New Trend Energy S.R.L..

The Group has concluded that the acquired set is a business.

Taking control of both New Trend Energy S.R.L. and Sunwind Energy S.R.L. will enable the Group to develop a portfolio of electricity generation capacities from renewable sources.

### A. Consideration transferred

The Consideration transferred for the shares acquired was as follows:

	<b>New Trend Energy S.R.L. (31 May 2022)</b>	<b>Sunwind Energy S.R.L. (31 March 2022)</b>	<b>Total</b>
Cash	802	2,204	<b>3,006</b>
Fair value of pre-existing interest	4,786	2,190	<b>6,976</b>
<b>Consideration transferred</b>	<b>5,588</b>	<b>4,394</b>	<b>9,982</b>

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**B. Acquisition-related costs**

The Group incurred acquisition-related costs of RON 100 thousand relating to external legal fees and due diligence costs. These costs have been included in "Other operating expenses" in the condensed consolidated statement of profit or loss.

**C. Identifiable assets acquired and liabilities assumed**

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

	<b>New Trend Energy S.R.L. (31 May 2022)</b>	<b>Sunwind Energy S.R.L. (31 March 2022)</b>	<b>Total</b>
Property, plant and equipment	273	163	436
Right of use assets	6,095	2,864	8,959
Trade and other receivables	46	20	66
Cash and Cash equivalents	7	-	7
<b>Total assets</b>	<b>6,421</b>	<b>3,047</b>	<b>9,468</b>
Trade and other payables	(1)	(1)	(2)
Finance lease liability	(6,764)	(3,184)	(9,948)
Other non-current liabilities	(332)	(191)	(523)
Other payables	(8)	-	(8)
<b>Total liabilities</b>	<b>(7,105)</b>	<b>(3,376)</b>	<b>(10,481)</b>
<b>Net assets</b>	<b>(684)</b>	<b>(329)</b>	<b>(1,013)</b>

**D. Goodwill**

Goodwill arising from the acquisition has been recognised as follows:

	<b>New Trend Energy S.R.L. (31 May 2022)</b>	<b>Sunwind Energy S.R.L. (31 March 2022)</b>	<b>Total</b>
Consideration transferred	5,588	4,394	9,982
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities	(274)	(132)	(406)
Fair value of identifiable net assets	684	329	1,013
<b>Goodwill</b>	<b>5,998</b>	<b>4,591</b>	<b>10,589</b>

The goodwill is attributable mainly to the know-how of the projects and the synergies expected to be achieved from integrating the companies into the Group's existing business. None of the goodwill recognized is expected to be deductible for tax purposes.

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## **19 Contingencies**

### **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 financial statements for all significant tax obligations; however, a risk persists that the tax authorities might have different positions.

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

The former SDEE Muntenia Nord S.A. subsidiary (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 taxes on buildings 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-payment penalties computed as of October 2019, in amount of RON 12,780 thousand. Against Galati City Hall, former SDEE Muntenia Nord S.A. subsidiary (currently Distributie Energie Electrica Romania S.A.) filed a legal request registered at Ploiesti Court of Appeal. At the term of 21 June 2022, the action was dismissed as being unfounded having the possibility to appeal against the ruling within 15 days from the official communication of the sentence.

The Group recognised an expense of RON 12,051 thousand during the year ended 31 December 2019.

#### ***Other litigations and claims***

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

As summarised in Note 15, the Group made 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 disclose information in the financial statements and did not make provisions for litigations and claims for which management assessed a remote possibility of outflow of economic benefits.

If applicable, the Group discloses information on the most significant amounts subject to litigations or claims for which the Group did not make 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**

**Overdrafts**

On August 1, 2022, was signed additional Act no. 1/11673879 to Credit Agreement no. 11673879/02.02.2022 concluded by EFSA and Banca Transilvania SE Electrica SA as co-debtor, extending the validity of the ceiling of RON 190,000 th until 31.08.2022.

On August 3, 2022, was signed additional Act no. 1/03.08.2022 to Credit Agreement no. 17/8130/2022 dated 04.02.2022 concluded by EFSA and BRD GROUPE SOCIETE GENERALE SA, SE Electrica SA as co-debtor by which the validity of the ceiling of RON 220,000 th is extended until 02.03.2023.

On August 3, 2022, was signed additional Act no. 1 to the Credit Facility Agreement no. WB/C/14 dated 18.02.2022 concluded by EFSA and ING Bank NV, SE Electrica SA as guarantor, which eliminates the possibility of using the Credit Facility for the purpose of issuing guarantee instruments and the date of final repayment, respectively the period of draw will not be later than 16.09.2022.

**Acquisition of subsidiary**

On 6 July 2022, Electrica SA signed, as buyer, with Mr. Vlad-Mihai Ungureanu and Mr. Tudor-Nicolae Ungureanu, as sellers, a shares sales and purchase agreement ("SPA") in one project company having as main object of activity the production of energy from renewable sources. The SPA concerns the acquisition of 100% of the shares of Green Energy Consultancy & Investments S.R.L., wholly owned by the sellers, for an estimated total price of EUR 600,000.

The final price will be determined by adjusting the total estimated price depending on the production capacity, based on a contractually established calculation formula. Green Energy Consultancy & Investments S.R.L. develops the photovoltaic project "Vultur", with a designed installed capacity of 12 MWp DC (peak power at the panels level) and 9.75 MW AC (power authorised for delivery into the grid), located near Vultur locality, Vrancea county.

**Subsequent receipts from the State for subsidies**

After 30 June 2022, RON 391,711 thousand were collected from the State for capping subsidies, so that from the total subsidies registered under GEO no. 118/2021 (applicable to the period January-March 2022), RON 150,061 thousand remained to be collected and of the total subsidies registered under GEO no. 27/2022 (starting with April 2022), RON 589,814 thousand remained to be collected from the State.

**Chief Executive Officer**  
Alexandru – Aurelian Chirita

**Chief Financial Officer**  
Stefan Alexandru Frangulea

17 August 2022

## 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, 2022, which comprise the condensed consolidated statement of financial position as at June 30, 2022, 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, 2022, 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.

## *Emphasis of matter*

4. We draw attention to Note 2 which state that these condensed interim consolidated financial statements have been prepared assuming that the Group will continue as a going concern. The Group operates in the electricity distribution and supply industry which is currently affected by the ceiling laws on sales to end customers. The Romanian authorities regulatory position is under review and there may be further laws enacted which could adversely impact the Group's operating cash flows beyond April 1, 2023 when the pricing restrictions in the existing laws are due to end. In the forthcoming twelve months the group will need to obtain additional financing and renew its existing facilities. Given the position of the Group and its significance to the Romanian economy management expect that all necessary financing will be made available. Our review conclusion is not modified in this respect

## *Other matters*

5. 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, 2022 and June 30, 2021 and accordingly, we do not express an opinion nor a conclusion on them.
6. 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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August 17, 2022