



**NPG CO. TRANSELECTRICA
SA**

**SUPERVISORY BOARD
REPORT ON THE
ADMINISTRATION ACTIVITY**

January – June 2021

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Review of the stand-alone financial statements by the Supervisory Board

The Supervisory Board relies on the corporative governance principles, which state a responsible, professional and ethical attitude of the Company towards all stakeholders. The Board examines the Company's strategy and its environmental premises it operates in, in order to plan Transelectrica's development and its performance, thus ensuring a rigorous formulation of objectives.

At the same time, the Supervisory Board's Semestrial Report elaborated in accordance with the requirements from the capital market legislation was reviewed by Supervisory Board members. The half-yearly report provides a true and fair view of the Company's results for H1 2021.

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for monitoring the financial reporting process, management reporting, the internal control system, the audit process and the organisational process for monitoring the compliance with laws, regulations and the code of conduct.

The simplified stand-alone interim financial statements as of the date and for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and have been audited by the Supervisory Board's Audit Committee in the meeting of August 12, 2021.

With highest consideration,

Marius Vasile MORARIU	Mihaela POPESCU	Adina-Loredana DOGARU-TULICĂ	Claudiu Constantin NĂSTASĂ	Victor Florin DUMITRU	Adrian Nicolae BLĂJAN
Supervisory Board Chairman	Member of the Supervisory Board				



Corporate Structure

SUPERVISORY BOARD

National Power Grid Company Transelectrica SA (“NPG Co. Transelectrica SA”, “Transelectrica” or the “Company”) is a joint stock company, organised and operating in accordance with the Romanian laws, being managed in a dualistic system, based on the resolution of the Shareholders’ Extraordinary General Assembly, dated July 18, 2012 by a 5-member Directorate under the supervision of a Supervisory Board (consisting of 7 members).

At the date of this report, the composition of the Transelectrica’s Supervisory Board (“SB” or “the Board”) is the following:

- **Marius Vasile MORARIU – Chairman of the Supervisory Board**

Mr. Marius Morariu has a vast experience in the energy sector, the academic activity, accessing and managing European funds and in the professional training of adult people (LLL).

Mr. Morariu has been constantly active in the energetic field since 1984 until 2020. He began his career as Head of the energy sector.

Between 1997–2009, for 12 years, he was a researcher and designer, then an occupational trainer for energetic engineers.

Mr. Marius Morariu has also been active in the university field, being an associate doctor, university lecturer at the Romanian Banking Institute - Financial Management Faculty, between 2004–2014.

He held the following semestrial courses: Economic-financial analysis of economic agents, Management of investments and Cost-benefit analysis in investment projects from structural funds.

In the field of accessing and managing European funds, he held the position of Director of European Programmes and expert within 7 European programmes that also included projects in the energy field, namely: Developing entrepreneurship abilities in the energy sector and Adapting the power sector personnel to the new technologies and working terms.

With regard to the professional training of adult people (LLL), between 2009–2020, Mr. Marius Morariu was a trainer/training manager within Formenerg SA - Subsidiary of NPG Co. Transelectrica SA. Most courses were in the field of public and sectoral procurement, holding 66 courses, from which 1,510 students throughout the country benefited.

In 2020, Mr. Marius Morariu became Director General of Formenerg SA.

In 1984, Mr. Morariu graduated from the Faculty of Electric Technique, Energy speciality, Polytechnic Institute Traian Vuia, Timisoara. Between 1997–2000, he attended training programmes in the financialbanking field at the Romanian Banking Institute - The Chartered Institute Of Bankers - London, Great Britain. The academic portfolio also includes a long list of courses through which Mr. Morariu gained extensive management knowledge. Since 2013, he has been a Doctor of Economics (Ph.D.), Academy of Economic Studies, Bucharest.

- **Mihaela POPESCU – Member of the Supervisory Board**

Mrs. Mihaela Popescu has acquired wide managerial experience both in the private sector and in central public administration, in time holding various top-management positions.

Over time, Mrs. Popescu has held several positions: personal advisor to the Minister of Justice (4 terms/4 ministers), and since 2020 Mrs. Popescu is Deputy Director of the Economic Division within the Ministry of Justice.

From 2017 to date Mrs. Popescu has been member in the Board of Administration of CASA OPSNAJ.

Also in March - November 2019 Mrs. Popescu has been Member in the Supervisory Board of NPG Co. Transelectrica SA.

Having graduated from the Academy of Economic Studies, Bucharest - economics) and the Spiru Haret University, Bucharest - law), Mrs. Popescu completed her academic and professional expertise through a series of study programmes and post-graduate courses. Thus, she holds a Master’s degree in Political Science and Criminalistics and is a graduate of the Post-graduate Course in Public Administration and Good Governance at Babeş-Bolyai University in Cluj-Napoca, under a partnership with Michigan State University.

Mrs. Mihaela Popescu has also followed several courses in: National Security, Good Governance and Diplomacy.

• **Adina-Loredana DOGARU-TULICĂ – Member of the Supervisory Board**

Mrs. Adina - Loredana Dogaru - Tulică has experience both in public administration and in the private sector, following a straightforward career path through public communication for companies, non-governmental organizations and public institutions.

Throughout her career, Mrs. Adina - Loredana Dogaru - Tulică worked in the field of public communication and public relations, holding the position of consultant - PR advisor within the Department of Public Communication, Presidential Administration.

Being a PR Manager at Romexpo SA between 2015-2020, she also gained experience in corporate and event communication.

The expertise in public communication is complemented by the activity carried out in university education, as Mrs. Dogaru - Tulică is active in the academic environment, being an associated professor at the Faculty of Journalism and Mass Communication, University of Bucharest, among the courses taught being Political Leadership , Crisis Communication or Digital Policy.

She has obtained two bachelor's degrees, in mass communication (Faculty of Journalism and Mass Communication, University of Bucharest), and in law (Faculty of Law and Public Administration, Spiru Haret University), capitalizing on legal expertise mostly in the private sector.

Mrs. Dogaru - Tulică attended a series of courses, seminars and study programs that added value to her academic and professional activity.

Thus, she holds a diploma in diplomatic communication obtained from the Romanian Diplomatic Institute, the certification of teaching-specific skills and a certificate of training in European business in French.

Presently, Mrs. Dogaru - Tulică is a doctoral student at the Doctoral School in Mass Communication, Faculty of Journalism and Mass Communication, University of Bucharest.

Last but not least, Mrs. Dogaru - Tulică has published various scholarly articles on topics related to public communication in internationally rated journals and has participated in several national and international conferences in the field.

• **Claudiu Constantin NĂSTASĂ – Member of the Supervisory Board**

Mr. Claudiu Năstasă has worked both in the public and the private sector, with a vast managerial experience.

Between 2017-2020, he held the position of deputy executive director at Bacău Intercommunity Development Agency (ADIB).

In 2020, he became vice president of the Authority for Managing State Assets (AAAS).

Also, between 2012-2016, he was vice president of Bacău County Council, and between 2016-2019 he held the position of senior advisor to the Secretary of the Romanian Senate.

From 2002 to 2011, Mr. Claudiu Năstasă worked as a diplomate engineer at S.C. Termoservice Grup S.R.L.

Mr. Claudiu Năstasă graduated from the Faculty of Engineering, University of Bacău (2002), and in 2006 he attended an operator refresher course at the Faculty of Mechanical Engineering and Mechatronics, Polytechnic University of Bucharest.

In addition to his academic and professional expertise, since 2013, Mr. Claudiu Năstasă holds an ANFP certificate for graduating the Specialised Training Programme for senior civil servants.

• **Victor Florin DUMITRU – Member of the Supervisory Board**

Mr. Victor Florin Dumitriu has extensive work experience in the economic field, both in the public and private sector.

For thirty years, he has gained a well-defined experience through analysis and consultancy activities on economic, financial, management, risk analysis and investment.

Mr. Victor Florin Dumitriu began his professional activity in the governmental domain.

Between 1994-1997, he held the position of State Secretary within the Ministry of Tourism. Also, between 2000-2001, Mr. Victor Florin Dumitriu held the position of State Secretary within the Department for Foreign Investments, coordinating activities to attract foreign investment, implementation of investment and development strategies in the public and private sector.

Between 1997-2000, he held the position of general manager at Trust Consulting SRL.

During 2002-2004, he was vice-president of the Authority for State Assets Recovery (APAS/AVAB), and between 2020-2021 he was a member of several boards of administration.

During 2009-2020, he developed his economic expertise, being a consultant on economic and financial issues at DA EASY WAY SRL, financial consultant at Extent International SRL Bucharest, economic adviser at a senatorial parliamentary cabinet and personal adviser to the Minister of Public Finance.

Mr. Victor Florin Dumitriu has a degree in economics, graduating from the Bucharest Academy of Economic Studies, within the Faculty of Finance and Accounting.

• Adrian Nicolae BLĂJAN – Member of the Supervisory Board

With professional experience in the legal field both in the private and the public sector, Mr. Blăjan has gained substantial expertise in regards to the law.

Mr. Blăjan worked for 13 years in the private sector, as a legal advisor, a period during which he provided legal advice, representation before the competent institutions, as well as the elaboration of contracts.

Between 2019-2021, Mr. Blăjan worked as a lawyer of Vâlcea Bar Association, in an Individual Law Firm.

Since 2021, he holds the position of personal advisor within the General Secretariat of the Government.

Mr. Adrian Nicolae Blăjan has a bachelor's degree in legal sciences, graduating from Spiru Haret University, Bucharest (2006). In 2008, he obtained a Master's degree in Business Law, at Lucian Blaga University, Sibiu.

SUPERVISORY BOARD ADVISORY COMMITTEES

At the date of this report, the consultative committees of the Supervisory Board have the following duties and composition:

Audit committee

Members of this committee are Victor Florin DUMITRIU (chairman), Mihaela POPESCU, Adina-Loredana DOGARU-TULICĂ, Marius Vasile MORARIU.

The Audit Committee has as attributions, among others, to monitor the efficiency of internal control, internal audit and risk management systems within Transelectrica, to check and monitor the external auditors' independence, the statutory audit activities to annual financial statements as well as the approaches proposed by external auditors, while coordinating their activity with the internal audit.

The Audit Committee monitors the financial and management reporting process as well as the financial plan and the process of preparing the annual financial statements and the consolidated annual financial statements, monitors and analyses the performance indicators of the transport system and the economic and financial performance of the company's business.

The Audit Committee plays an important role in verifying the effectiveness of the compliance monitoring system with the laws and regulations applicable to the Company's business and the results of management investigations in the event of noncompliance.

At the same time, it assists the Supervisory Board in fulfilling its responsibilities for supervising and

supervising the elaboration and updating of the general strategy for the development of the society, assists the Supervisory Board in identifying the major development directions in the field.

Compliance with the principles of corporate governance established by the Corporate Governance Code of the

Bucharest Stock Exchange represents a continuous commitment assumed by the Supervisory Board. Through the Audit committee, the Board of Supervisors aims at enhancing transparency with respect to the activities of organizational entities of the Company by implementing new internal regulations for the Public internal audit and the management of significant risks within NPG Co. Transelectrica SA.

Nomination and remuneration committee

Members of this committee are Adrian Nicolae BLĂJAN (chairman), Adina-Loredana DOGARU-TULICĂ, Claudiu Constantin NĂSTASĂ, Mihaela POPESCU.

With regard to the nomination area, the Nomination and Remuneration Committee coordinates the appointment process of the Directorate members and makes recommendations with respect to both the selection of the Directorate members and the provisional occupation of the vacancies within the Supervisory Board.

The Nomination and Remuneration Committee supervises certain positions in the Company administration and permanently updates the professional competencies of the Directorate members.

As far as the remuneration area is concerned, the Nomination and remuneration committee drafts the remuneration policy for the Directorate and Supervisory Board members and submits it to the Shareholders' General Assembly for approval.

The nomination and remuneration committee shall present in the annual report the total amount of the direct and indirect remuneration of the members of the Directorate and of the Supervisory Board, in compliance with the principle of proportionality with the responsibility and the time devoted to the performance of their duties by them.

Energy Security Committee

Members of this committee are Marius Vasile MORARIU (chairman), Adrian Nicolae BLĂJAN, Adina-Loredana DOGARU-TULICĂ, Claudiu Constantin NĂSTASĂ, Marius Vasile MORARIU, Mihaela POPESCU.

The Energy Security Committee monitors and advises the Supervisory Board, the Directorate and the specialised departments of the Company in the implementation of strategic energy system operator and energy security objectives on the National Power System ("NPS"), energy security at PTG level and energy security and protection of critical infrastructure.

Another task is to involve, under the mandate of the Supervisory Board, along with the Directorate, in the dialogue with the public authorities with attributions and competences in the field of energy security (the Ministry of Economy, Energy and the Business Environment, the specialised committees of the Parliament).



Activity of the Supervisory Board

SUPERVISORY BOARD ACTIVITY

During H1 2021, the members of the Supervisory Board met in 13 sessions, out of which a selection of the discussion points on the agenda was presented below.

The following topics were discussed with priority:

- the Company's 2021 investment programme and the estimated investment expenditures for 2022 and 2023;
- the Company's income and expense budget for 2021 as well as for 2022 and 2023;
- preliminary stand-alone financial statements as of and for the financial year ended 31 December 2020 (unaudited);
- the preliminary report for Q4 and January-December 2020 on the Company's economic-financial activity, prepared according to the capital market requirements and the Directorate's activity report on the preliminary results for Q4 and January-December 2020, prepared according to GEO no. 109/2011 on the corporate governance of public enterprises;
- the stand-alone financial statements, and the consolidated financial statements together with the related Reports at the date and for the financial year ended December 31, 2020, prepared in accordance with OMFP 2844/2016 with later amendments and additions for the approval of Accounting Regulations in accordance with International Financial Reporting Standards and the Financial reporting for the financial year ended 31 December 2020;
- the Supervisory Board's H2 2020 activity report prepared according to the provisions of art. 55 of GEO no. 109/2011 on the corporate governance of public enterprises, the 2020 sustainability report together with the 2020 consolidated non-financial report and the 2020 report of the Supervisory Board's Audit Committee on the internal control and significant risk management systems within the Company, prepared in accordance with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange;
- the implementation stage of the restructuring/reorganisation process of NPG Co. Transelectrica SA's staff, the prospects for completing the process and the benefits that were provided for the staff to be restructured;

- the simplified stand-alone interim financial statements together with the related Reports as of and for the three-month period ended March 31, 2021;

The Nomination and Remuneration Committee held 4 (six) meetings in H1 2021 in which the members analyzed the Company's Code of Ethics and prepared the Nomination and Remuneration Committee's 2020 Report. Proposals and recommendations were also made for the position of provisional Directorate member.

During the same period, the **Audit Committee** held 3 (three) meetings during which the 2020 Interim Financial Statements were verified, as well as the 2021 Income and Expense Budget and the estimates for 2022-2023 were verified. The 2020 Report of the Supervisory Board's Audit Committee within NPG Co. Transelectrica SA on the internal control and significant risk management systems of the Company was prepared and the Company's 2020 stand-alone/consolidated financial statements were verified, as well as the Financial auditor's report.

In H1 2021, **the Energy Security Committee** held 3 (three) meetings with regard to investment projects for the development of the PTG with impact on cross-border capacity, the SMART GRID project and the project "Optimizing the operation of 400 KV OHL in NPS, used for interconnection and Cernavoda nuclear plant and Dobrogea renewable plants power discharge, by installing on-line monitoring systems".

The topics discussed in the SB sessions in the first semester are presented in more detail below:

- At the meeting on **26.01.2021**, the Supervisory Board requested the Directorate to present the proposals for updating the Code of Ethics, the current form of each article versus the proposed form being presented alongside,
 - requested the development of an operational communication method through which Supervisory Board members should be informed in real time of any critical situation or failure that impacts the power grid and may lead to malfunctions in the NPS's proper functioning.

- At the meeting on **02.02.2021**, the Supervisory Board postponed the decision on the agreement regarding the procurement having as object the award of the contract “System for metering and management of electricity metering data on the wholesale market”, at the same time, requesting the Directorate to reconsider the duration of the post-warranty maintenance period, as well as the criteria for awarding the contract.

- At the meeting on **12.02.2021**, the Supervisory Board verified the Preliminary Stand-alone Financial Statements on the date and for the financial year ended December 31, 2020, took note of Q4 preliminary report and January-December 2020 on the economic and financial activity of NPG Co. Transelectrica SA, prepared according to the provisions of the capital market requirements, together with the Directorate’s activity report regarding the preliminary results for Q4 and January-December 2020 prepared according to the provisions of GEO 109/2011 on the corporate governance of public enterprises.

- At the meeting on **24.03.2021**, the Supervisory Board verified the stand-alone and consolidated financial statements as of the date and for the financial year ended 31 December 2020,

- took note of the Independent Auditor’s Report on the Stand-alone Financial Statements and the Consolidated Financial Statements for the financial year ended 31 December 2020,

- verified the Annual Report on the Company’s stand-alone and consolidated financial statements for the financial year ended 31 December 2020,

- took note of the Notice on net profit distribution as of 31 December 2020,

- approved the final form of SB H2 2020 Activity Report prepared in accordance with the provisions of art. 55 of GEO 109/2011 on the corporate governance of public enterprises,

- took note of the 2020 Sustainability Report and the Consolidated Non-Financial Report,

- took note of the 2020 Report of the Supervisory Board’s Audit Committee on the internal control and significant risk management systems within Transelectrica, prepared in accordance with the provisions of the new Corporate Governance Code of the Bucharest Stock Exchange.

- took note of the Report of the Nomination and Remuneration Committee for 2020.

- At the meeting on **25.03.2021**, the Supervisory Board verified the 2021 Income and Expense Budget of NPG Co. Transelectrica SA, as well as the estimates for 2022 and 2023;

- At the meeting on **13.04.2021**, the Supervisory Board agreed on the procurement having as object the award of the contract “System for metering and management of electricity metering data on the wholesale market”, provided that the warranty period

changes from a minimum of 24 months to a minimum of 36 months;

- At the meeting on **21.04.2021**, the Supervisory Board members appointed Mr. Ovidiu ANGHEL as a provisional Directorate member, with a term of office of four months, starting with 21.04.2021, with the possibility of extension, for good cause, for two more months, but the term of office will not exceed the completion date of the Directorate members’ selection procedure under the conditions of GEO 109/2011, if the procedure will be completed within this period;

- At the meeting on **12.05.2021**, the Supervisory Board requested the Directorate to demand the reassessment and, if necessary, a new 2020 profit distribution proposal so that it is in accordance with the provisions of GO 64/2001 on profit distribution to national companies and companies with majority or wholly state-owned capital, as well as to the autonomous authorities with later amendments and additions,

- requested the Directorate to take the necessary steps to obtain a written opinion from the financial auditor on the impact on the 2020 stand-alone and consolidated financial statements in the event of an amendment to the 2020 profit-sharing proposal,

- requested the Directorate to take the necessary steps to ensure that the financial auditor is present at the next meeting of the Shareholders’ General Assembly, the approval of the financial statements being on the agenda, in accordance with the legal provisions,

- requested the Directorate to initiate a control activity regarding the correctness and accuracy of the 2020 stand-alone financial statements of NPG Co. Transelectrica SA, the calculation method of the 2020 profit distribution in terms of employee profit-sharing, in accordance with the provisions of GO 64/2001 on profit distribution to national companies and companies with majority or wholly state-owned capital, as well as to the autonomous authorities with later amendments and additions,

- the simplified stand-alone interim financial statements for the financial year ended March 31, 2021 were reviewed, took note of the Q1 2021 Report on the Company’s economic and financial activity prepared according to capital market requirements and took note of the Directorate’s Activity Report on the Q1 2021 results prepared according to the provisions of GEO 109/2011 on the corporate governance of public enterprises.

- At the meeting on **03.06.2021**, the Supervisory Board noted that the following had been prepared by the entities within the Company, in accordance with the request of the Romanian State, legally represented by the General Secretariat of the Government, Company shareholder:

- the 2020 stand-alone financial statements, redone with the replenishment of the profit so that the provision diminished from the employees' profit-sharing is reflected in the profit and implicitly in the dividends due to the shareholders,
- the 2020 consolidated financial statements, redone with the replenishment of the profit so that the provision diminished from the employees' profit-sharing is reflected in the profit and implicitly in the dividends due to the shareholders,
- the proposal for the distribution of the accounting profit after deducting the profit tax on 31.12.2020, redone with the replenishment of the profit so that the provision diminished from the employees' profit-sharing is reflected in the profit and implicitly in the dividends due to the shareholders,
- the proposal for the distribution of dividends from the profit registered on 31.12.2020, redone with the replenishment of the profit so that the provision diminished from the employees' profit-sharing is reflected in the profit and implicitly in the dividends due to the shareholders.

During the same meeting, Supervisory Board members noted that the independent auditor BDO Audit SRL submitted, at the Company's request, the reports on the documents, in this case, the stand-alone and consolidated financial statements as listed in the paragraphs above.

At the same time, they noted that the Directorate will send the above-mentioned documents to the General Secretariat of the Government, as requested, as well as the fact that they will be made available on the Company's website to all Company shareholders.

- At the meeting on **23.06.2021**, the Supervisory Board, consisting of the following persons:

- Marius Vasile MORARIU
- Adrian Nicolae BĂLAJAN
- Adina-Loredana DOGARU-TULICĂ
- Claudiu Constantin NĂSTASĂ
- Mihaela POPESCU,

in accordance with the provisions of art. 18 para. (4) of the Articles of Association of NPG Co. Transelectrica SA, elected Mr. Marius Vasile Morariu as Supervisory Board Chairman.

At the same meeting, the Nomination and Remuneration Committee was established and the following persons were appointed as members of the Nomination and Remuneration Committee within the Supervisory Board.

- Adrian Nicolae BĂLAJAN – chairman
- Adina-Loredana DOGARU-TULICĂ
- Claudiu Constantin NĂSTASĂ
- Marius Vasile MORARIU
- Mihaela POPESCU

the Audit Committee was established, the following persons being appointed as members of the Audit Committee within the Supervisory Board:

- Mihaela POPESCU – chairman
- Adrian Nicolae BĂLAJAN
- Adina-Loredana DOGARU-TULICĂ
- Claudiu Constantin NĂSTASĂ
- Marius Vasile MORARIU

the Energy Security Committee was established, the following persons being appointed as members of the Energy Security Committee within the Supervisory Board:

- Marius Vasile MORARIU – chairman
- Adrian Nicolae BĂLAJAN
- Adina-Loredana DOGARU-TULICĂ
- Claudiu Constantin NĂSTASĂ
- Mihaela POPESCU

- At the meeting on **25.06.2021**, the Supervisory Board noted the violation by the Directorate members of the provisions of Art.153²⁰ para. (1) - (4) and Art.153²¹ of Company Law no. 31/1990 republished with later amendments and additions, of the provisions of Art. 24 para. (2) - (5) of the Company's Articles of Association and of Art. 6 para. (2) and Art. 13 para. (1) and (2) of the Directorate's Internal Rules approved by Decision no. 44/2020. Thus, on 25.06.2021, the Supervisory Board revoked the following Directorate members: Cătălin NIȚU, Ovidiu ANGHEL, Andreea-Mihaela MIU, Corneliu-Bogdan MARCU and Marius Viorel STANCIU.

During the same meeting, pursuant to Art. 64² para. (1) of GEO 109/2011 on the corporate governance of public enterprises with later amendments and additions, the following persons were elected as provisional Directorate members

- Bogdan TONCESCU
- Ionuț-Bogdan GRECIA
- Cătălin-Constantin NADOLU
- Marius-Viorel STANCIU

The term of office of the appointed Directorate members has a duration of four months starting with 25.06.2021 with the possibility of extension, for good cause, for another two months, but the term of office will not exceed the completion date of the Directorate members' selection procedure in accordance with GEO 109/2011, if the procedure will be completed within this period. At the same time, the provisional members' remuneration was approved together with the form of the mandate contract and Mr. Morariu Marius Vasile, Supervisory Board Chairman, was mandated to sign on the Company's behalf the mandate contract with the provisional Directorate members.

At the same time, in accordance with the provisions of Art. 153⁷ para. (1) of Company Law no. 31/1990, republished with later amendments and additions, Mr. Victor Florin DUMITRU was appointed provisional Supervisory Board member. The term of office shall be

up to 22.10.2021, but not later than the date of appointment of a Supervisory Board member by the Shareholders' General Assembly.



Financial Data

The summary of the financial results on H1 2021 is provided in the tables below. Their extended variant for the same time interval is provided in Annexes to this Report.

Separate statement of profit or loss unaudited results			Separate statement of financial position unaudited results		
[RON mn]	H1 2021	H1 2020	[RON mn]	H1 2021	2020
Charged energy volume [TWh]	28.28	26.26			
ALLOWED PROFIT ACTIVITIES			Non-current assets		
Operating revenues	635	581	Tangible assets	3,685	3,561
Operating expenses	421	344	Assets of the usage rights for leased assets - buildings	34	38
EBITDA	214	236	Intangible assets	6	7
Depreciation	130	136	Financial assets	82	82
EBIT	84	100	Total non-current assets	3,807	3,687
ZERO PROFIT ACTIVITIES			Current assets		
Operating revenues	787	509	Inventories	38	38
Operating expenses	748	464	Trade and other receivables	1,006	848
EBIT	39	45	Other financial assets	0	1
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)			Cash and cash equivalents	461	554
Operating revenues	1,422	1,090	Total current assets	1,505	1,442
Operating expenses	1,168	809	Total assets	5,312	5,129
EBITDA	253	281	Shareholders' Equity	3,447	3,395
Depreciation	130	136	Non-current liabilities		
EBIT	123	145	Long term borrowings	91	102
Net finance result	(2)	(2)	Other non-current liabilities	606	574
EBT	121	143	Total non-current liabilities	697	676
Income tax	17	28	Current liabilities		
Net profit	104	116	Other loans and assimilated liabilities - Leasing of building	8	7
			Short-term borrowings	25	25
			Other current liabilities	1,135	1,025
			Total current liabilities	1,168	1,058
			Total liabilities	1,865	1,733
			Total shareholders' equity and liabilities	5,312	5,129

Note: For reading facility and result understanding, certain figures provided in graphs and/or tables use RON million as measuring unit and are rounded up to it. This presentation convention might determine in certain circumstances minor differences between totalling figures and totals obtained by summing up the components.

This Report use a free translation from Romanian, which is the official and binding version, and will prevail, in the event of any discrepancies with the English version

OPERATIONAL RESULTS

Charged volume of energy

In January–June 2021 the total quantity of electricity charged for services provided on the electricity market (28.28 TWh) registered 7.7% growth compared to the same period of 2020 (there is +2 TWh difference between the two periods).

Operational revenues

Total operational results achieved in semester I of 2021 registered 30% growth compared to the same period of last year (RON 1,422 mn in H1 2021 compared to RON 1,090 mn in H1 2020), mainly determined by higher quantity of electricity delivered to consumers, by indexed average transmission tariff and greater revenues achieved on the balancing market.

The **profit allowed activities** segment registered 9% revenue growth (RON 635 mn in H1 2021 compared to RON 581 mn in H1 2020), mainly determined by 21% growth of transmission revenues and other revenues on the electricity market (RON 612 mn in H1 2021 compared to RON 507 mn in H1 2020), resulting from higher electricity quantity supplied to consumers when the ANRE-approved average transmission tariff was indexed, and also from implementing the new package of European regulations, especially *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*.

In July 2020 upon ANRE's initiative the proposal was to harmonise methodologies establishing tariffs of electricity transmission services and tariffs of system services (only the system functional service component), namely the *Methodology establishing tariffs of electricity transmission services* approved by Order 171/2019 of ANRE president and the *Methodology establishing tariffs of system services* approved by Order 45/2017 of ANRE president (only the system functional service component), with later amendments and additions, with the provisions of fore-mentioned European regulations.

Last but not least, considering the same period of last year mention should be made of the significant impact of the Covid-19 pandemic, so that the S1 2021 vs S1 2020 analysis was also influenced by it.

In the first semester of 2021 **revenues from the allocation of interconnection capacity** registered 34% drop in sum of RON 10,5 mn as against the same period of last year, corresponding to the utilisation degree of available interconnection capacity by traders on the electricity market.

Reduced revenues from the allocation of interconnection capacity (registered in the first semester of 2021) are owed to reduced participants' interest to buy

interconnection capacity and electricity was transacted more internally.

The allocation mechanism of interconnection capacities consists of organising annual, monthly, daily and intraday bids. The annual, monthly and intraday ones are explicit, as only the transmission capacity is put to auction while the daily bids with Hungary are implicit, since the capacity is simultaneously allocated with the electricity by means of the coupling mechanism.

Beginning with 19 November 2014 the regional energy exchange was established by Romania, Hungary, the Czech Republic and Slovakia, which means these four countries should reach to a single electricity price for the quantities transacted on spot markets. The capacity allocation between Romania and Hungary, the only country of the other 3 Romania has frontier with, is performed by the transmission operators: Transelectrica and MAVIR, by means of common mechanism under a bilateral agreement.

Beginning with 2016 the UIOSI principle was implemented on the Bulgarian border, and on the Serbian one as well as of 2017. In accordance with such principle the participants that do not use the capacities they won at annual and monthly bids are remunerated (by Transelectrica) for this capacity. The unused capacity is later sold under daily bids. The sense is reversed on the Hungarian border, meaning MAVIR is remunerating the participants for unused capacities.

The market allocating the interconnection capacities is fluctuating, as prices evolve depending on demand and on the needs of electricity market participants to procure interconnection capacity.

Beginning with November 2019 the 2nd wave was launched under the single European coupling solution for intraday markets (SIDC – Single Intraday Coupling).

The single mechanism of intraday markets coupling provides continuous matching of sale and purchase offers from market participants from a bidding zone with sale and purchase offers from within their own bidding zones and any other bidding zone with available cross-border capacity.

Thus intraday explicit bids take place only on the Serbian border, while they are implicit on the Bulgarian and Hungarian frontiers (under SIDC).

The net revenues from the allocation of interconnection capacities are used in accordance with the provisions of ANRE Order 171/2019, updated, and EU Regulation 943 of 05 June 2019 regarding the internal electricity market as financing source of investments made in order to upgrade and develop interconnection capacities with neighbouring systems.

Inter TSO Compensation (ITC) revenues registered RON 1 mn decrease in the first half of 2021 compared to the first semester of 2020, because in the first semester of 2021 the imported/exported/transited electricity quantities were smaller than in the first semester of 2020, and the applied tariff for exchanges with perimetral countries was lower in this part of 2021 compared to the same period of 2020.

Revenues from electricity transacted for OTC were mainly obtained by selling excess electricity on the Intraday Market managed by OPCOM and under BRP CIGA Energy on the Balancing Market.

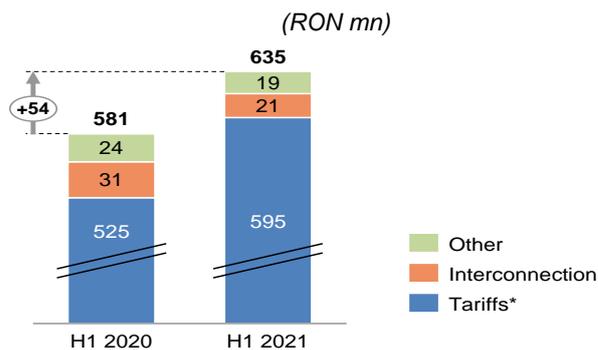
At the end of November 2019 the coupled operation of intraday markets was launched Europe-wide under the XBID/SIDC project, which provided higher market liquidity and diversified products that are transacted, and this led to about 4.8 times higher revenues registered on this market compared to those registered in the same period of last year.

Revenues of OTC transactions were RON 7,4 mn higher in H1 2021 compared to H1 2020 (from RON 3,7 mn in H1 2020 to RON 11 mn in H1 2021) because Transelectrica's imbalances were contrary-wise to the imbalances of the National Power System and because of the new regulations on the balancing market.

As prospect for the remaining 2021, the main factors that will have significant impact on the revenues/expenses of electricity transactions to cover OTC are the legislative changes made on the electricity balancing market, being applicable as of 1 February 2021 (settlement made at 15 minutes' interval, a single settlement price on the balancing market), the Covid-19 pandemic and its nation-wide management.

As far as **revenues of sistem functional system services** are concerned, as of 01 January 2021 the functional system service component was included in transmission services, thus for the time before 1 January 2021 a cumulated tariff was calculated for transmission activities, which is a virtual theoretical tariff calculated by summing up the tariffs of profit allowed activities, namely transmission and functional system services (the two tariffs were applied to the same electricity amount taken from the network).

Operating revenues from allowed profit activities



*transmission tariff, functional system services, reactive energy, unplanned exchanges DAM, ITC, OTC transactions

Revenues of zero-profit activities registered 54% growth (RON 787 mn on 30 June 2021 against RON 509 mn on 30 June 2020), mainly determined by RON 303 mn higher revenues on the balancing market (from RON 166 mn on 30 June 2020 to RON 469 ma on 30 June 2021).

The higher revenues on the balancing market were owed mainly to the following issues:

- Price limits of offers on the balancing market were removed according to the Regulation for balancing market settlement and Regulation for scheduling dispatchable generating units, dispatchable consumers and dispatchable storage installations, approved by ANRE Ordiner 61/2020, published in Romania's Gazette 287/2020;
- The obligation to participate on the balancing market was removed according to the Regulation for calculation and settlement of imbalances of balancing responsible parties, at single imbalance price and certain Orders of the President of the National Regulatory Authority in the Energy domain, approved by ANRE Order 213/2020, published in Romania's Official Gazette 1201/2020;
- The balancing market applied the 15 minutes' settlement interval;
- The single settlement price was applied on the balancing market from 1 February 2021 onward;

Beginning with 01 June 2021 a new set was applied of common settlement rules for international electricity exchanges and unplanned exchanges, providing financial settlement between Transmission System Operators and thus removing the compensations in kind by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland) determined according to ENTSO-E methodology, which Transelectrica transacted on the Day-Ahead Market and registered strictly in the Revenue & Expense Budget with the Balancing Responsible Party Unplanned Exchanges, following electricity transaction on the Day-Ahead Market;

- The manner of contracting on the markets before the balancing one;
- The average deficit price registered on the balancing market;
- Reduced negative imbalance registered for electricity suppliers on the balancing market;
- The development of hydraulicity;
- Reduced demand for electricity (consumption) because of a mild winter;
- The development of electricity consumption because of the regulations issued by the Public Central Administration preventing covid-19 spreading.

Estimations are in 2021 the regulations applied in the national legislation in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market, namely settlement made at 15 minutes' granularity, the single settlement price on the balancing and the management of COVID -19 nation-wide will have significant impact on the revenues/costs of the balancing market.

The balancing market management has a specific regulatory framework containing regularisation mechanisms which compensate the revenue excess or deficit in the expenses necessary to develop such activities.

Thus according to ANRE regulations the non-null monthly balances (revenue surpluses) resulting from such activities will be compensated by ex-post tariff correction (negative correction) applied by ANRE in the tariff of years following that when such balances were registered.

During semester I of 2021, **revenues from technological system services** registered 7% decrease compared to the first semester of 2020 (RON 318 mn on 30 June 2021 against RON 343 mn on 30 June 2020), determined by diminished ANRE-approved tariff for such

services when electricity quantities delivered to consumers grew 7.7%.

Revenues of technological system services in the studied interval were RON 27 mn higher compared to expenses made to procure technological system services.

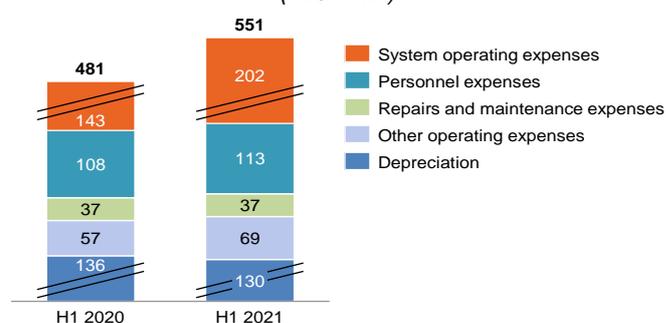
The regulatory framework specific for technological system services includes regularisation mechanisms providing compensation of revenue excess/deficit compared to expenses necessary for such activities. Thus according to ANRE regulations the revenue surplus/deficit against costs recognised for such activities will be compensated by ex-post (negative/positive) tariff correction applied by ANRE in the tariff of years following that when such surplus/deficit was registered. The revenue surplus/deficit against costs resulting from such activities is calculated for the tariff scheduling period (usually 12 months).

Operational expenses

Total operational expenses (amortisement included) made in January-June 2021 registered 37% growth compared to the same period of last year (RON 1,299 mn in H1 2021 against RON 945 mn in H1 2020).

In the **profit allowed activities** segment expenses (amortisement included) registered 15% increase (RON 551 mn in January-June 2021 against RON 481 mn in January-June 2020).

Operating expenses from profit allowed activities
(RON mn)



OTC: In the first semester of 2021 expenses for one's own technological consumption were 55% higher (RON 63 mn) compared to the first semester of 2020 because of the following issues:

- One's technological consumption registered in the studied interval was about 28GWh (32%) higher in January, namely about 32GWh (44%) higher in February than in the same period of 2020, and about 30% growth was registered in the entire studied time.

The 2020 consumption compared to the same period of 2021 was highly influenced by the covid-19 pandemic;

- The average price of electricity procured on the DAM was about 80% higher in semester I 2021 compared to the same period of 2020.

At present the current trend on the Day-Ahead Market is of uninterrupted increase, recording much higher values than the 2020 values (in July the average price was 449.66 RON/MWh, being 2.5 higher than 2020 values and 1.7 higher than 2019, exceeding the values recorded in the last 7 on this market).

The same trend is noticed in Europe, which will have significant impact on the costs registered for OTC coverage, taking into account on 17 June 2021 the day-ahead markets of the 4M MC (Czech Republic, Slovakia, Hungary and Romania) coupled with the regional market of Austria, Germany and Poland.

In accordance with European Union's Regulation 1222/2015 (CACM) "establishing guidelines regarding capacity allocation and congestion management", one of the main obligations ensuing from this regulation was to unify the short-term electricity markets, which has to be performed by OPEED, Designated Operators of the Electricity Market and by TSO, Transmission System Operators of Europe.

In this respect a project was initiated in 2020 to couple the daily markets of EU states Romania and Bulgaria, which means coupling the daily electricity markets of EU member states Romania and Bulgaria.

On 22.09.2020 national regulatory authorities of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely the Czech Republic, Hungary, Romania and Slovakia received from the European Commission (DG ENER) the guideline for the Designated Electricity Market Operators (OPEED) and Transmission System Operators (TSO) participating to the DE-AT-PL-4M MC Project (also known as "Interim Coupling Project" or "ICP"), establishing prioritisation of ICP implementation in due time.

This guideline was requested by the respective national regulatory authorities after several months of debates, because in the first semester of 2020 blocks of local implementation were identified by several parties involved in this project.

Such blocks were owed by inter-dependencies between the projects developed in parallel such as CORE FB MC, Allegro, NorNed, Polish MNA, resulting in delayed implementation of Interim Coupling.

DG ENER considers a sequential implementation of Interim Coupling and CORE Flow Based Market Coupling (Core FB MC) as the best one to apply since the Interim Coupling will facilitate the Single Day-Ahead Markets Coupling and especially geographic extension to all EU's relevant frontiers according to the requirements of CACM Regulation in the shortest time possible.

It will also bring welfare gains for market participants. Also DG ENER communicated the Interim Coupling Projects will bring added value because the Central and Eastern European countries will not stay isolated, even if delays occur in CORE FB implementation.

In addition it will enable comparing the results of coupling tests based on data flows from generation with the NTC-based coupled operation during the external parallel development of CORE FB MC project.

Taking into consideration the received guidance the launch date of the Interim Coupling project was forecasted for April 2021.

The following steps of Interim Coupling were mainly focused on updating the detailed roadmap of this project, completing the items left open and internally testing the solution (planned now for the beginning of 2021), as well as the tests with external parties.

On 18 March 2021 the Designated Electricity Market Operators (OPEED) and Transmission System Operators (TSO) of Austria, Germany, Poland and the 4M Market Coupling (4M MC) countries, namely the Czech Republic, Hungary, Romania and Slovakia informed the stakeholders about a slight update of the planned project tests.

The project parties successfully completed the first stage of common regional tests, Full Integration Testing - FIT at the end of February 2021.

After such update of test planning and alignment of all European TSOs and OPEEDs for the Single day-ahead markets coupling (SDAC), the following stage of the Simulation Integration Testing - SIT centred on testing the regional operational procedures was planned to begin in the second half of March 2021.

The project launch was planned on 10 June 2021, provided all parties confirm their technical preparation in legal terms.

After the updated planning, estimations were that regional tests would be completed until the beginning of May 2021 and followed by end-to-end procedural tests executed Europe-wide, together with all SDAC parties. Member tests were forecasted for the second half of May 2021.

On 21 April 2021 a joint webinar was organised to provide market participants with detailed information about Member Tests, as well as about the forecasted changes of processes.

For the first time on 17 June 2021 the day-ahead cross-border capacity on the 6 new frontiers (PL-DE, PL-CZ, PL-SK, CZ-DE, CZ-AT, HU-AT) was implicitly allocated by means of Euphemia algorithm.

The implemented price coupling enables simultaneous determination of the electricity prices and of cross-border flows region-wide.

The efficient utilisation of the power system and of cross-border infrastructures, generated by closer coordination between stakeholders of the power market maximises social welfare to the benefit of all market participants.

Interim Coupling was announced in December 2018 following the request of national regulatory authorities involved (NRA) to further develop regional integration of day-ahead electricity markets.

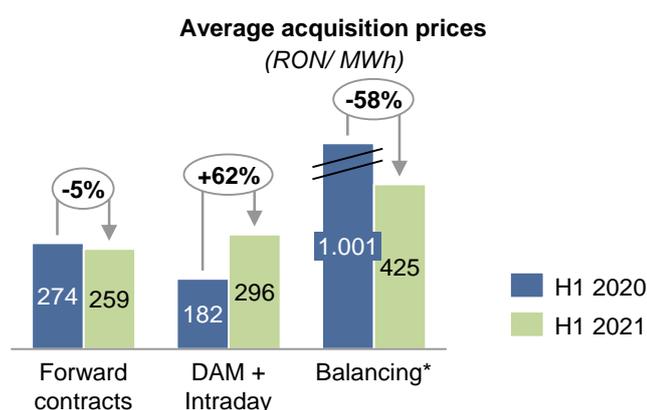
The project aimed at coupling the 4M MC borders (markets coupling from the Czech Republic, Slovakia, Hungary and Romania) with the multi-regional (MRC) coupling by introducing the implicit allocation of the net transmission capacity (NTC) on the six fore-mentioned frontiers.

The 4M MC day-heat markets coupling is now integrated in the pan-European electricity day-ahead market.

The new successful coupling is the result of close cooperation between OPEED-s of Interim Coupling (EPEX SPOT, EXAA, HUPX, Nord Pool EMCO, OKTE, OPCOM, OTE, and TGE) and TSO-s (50Hertz, APG, ČEPS, MAVIR, PSE, SEPS, Tennet DE, and Transelectrica), together with respective ANR-s (ANRE, BNetzA, E-Control, ERU, MEKH, URE, and URSO).

Such NTC-based market coupling is an important step towards SDAC.

The following stage consists in introducing the flow-based capacity calculation method under Core FB MC, which is the target model for the day-ahead market coupling.



Expenses for electricity consumption in PTG substations registered 15% increase in January-June 2021 against H1 2020 (RON 10 mn in H1 2021 compared to RON 9 mn in H1 2020) because the electricity procurement prices grew in 2021.

In view of executing electricity transmission activities in electric substations and operate safely the National Power System Operator Transelectrica has to procure

electricity to cover the consumption of auxiliary services in its 81 electric substation, in each consumption place.

Functional system services: Related expenses registered 49% drop (RON 6 mn in H1 2021 compared to RON 13 mn in H1 2020), mainly determined by reduced balancing market expenses regarding unplanned electricity exchanges with the NPS-interconnected neighbouring countries.

Such expenses represent uncontracted international electricity exchanges and expenses with unplanned exchanges on the day-ahead market.

Inter TSO Compensation (ITC) expenses

Monthly payment obligations/collection rights of each transmission and system operator (TSO) are established under the compensation/settlement mechanism for the effects of using the electricity transmission grid (PTG) to transit electricity in-between the TSO-s of the 35 countries that adhered to this ENTSO-E mechanism.

In the first semester of 2021 such expenses were 16% higher compared to the same period of last year, the difference resulting from regularised expense estimations.

The **zero-profit activity** segment registered 61% growth of costs (RON 748 mn on 30 June 2021 against RON 464 mn on 30 June 2020), mainly determined by higher balancing market expenses.

The Company procures **technological system services** from producers in order to maintain safe operation of the NPS and the quality of electricity transmitted at parameters required in applicable technical norms.

Such services are contracted as follows:

- Under regulatory regime according to Governmental Decisions and Decisions issued by the National Regulatory Authority in the Energy domain (ANRE);
- By means of competitive mechanisms.

Beginning with 01.02.2021 technological system services are procured by competitive regime using daily bids, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

In January–June 2021 technological system services were contracted under regulatory regime only for reactive power. Transelectrica contracted reactive power from Hidroelectrica SA, according to ANRE Decision 1551/28.08.2019.

Expenses regarding technological system services in the first semester of 2021 registered 2% decrease compared to those made in H1 2020 (RON 291 mn in H1 2021 compared to RON 298 mn in H1 2020).

STS procurement costs in H1 2021 were mainly determined by the following factors:

- In 2021 the procurement prices of technological system services were maintained on the competitive market around the values recorded in 2020 for secondary reserve (RS) and fast tertiary reserve (RTR);
- In 2021 the technological system services market showed high concentration for technological system services of secondary reserve (RS).

The Company re-invoices the technological system services procured from generators to ANRE - licensed electricity suppliers, which eventually benefit of such services.

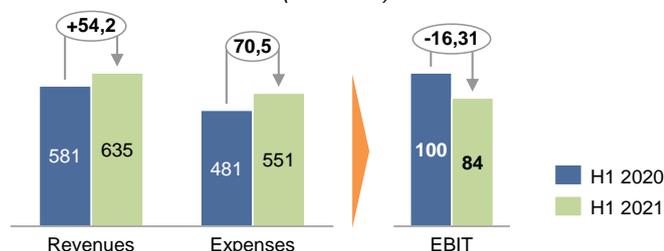
In 2021 estimations are that regulations to be implemented in the national legislation in accordance with the provisions of Regulation (EU) 943 of the European Parliament and Council of 5 June 2019, the contracting of technological system services at 15 minutes' settlement interval, making 15 minutes' settlements on the balancing market, the economic development and the nation-wide electricity consumption will have significant impact on the balancing market's revenues / costs and on system service procurement costs within Transelectrica SA.

Expenses regarding the balancing market made in semester I 2021 were RON 290 mn higher than those made in semester I 2020. Such expenses following the notifications/achievements of participants on this market.

Operational result

Profit allowed activities registered positive RON 84 mn result in the first semester of 2021, decreasing 16% against that recorded in the same period of last year.

Allowed profit activities EBIT structure (RON mn)

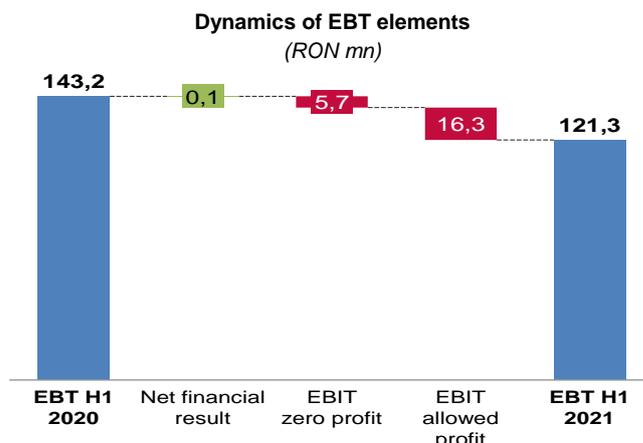


EBIT generated by zero-profit activities registered positive RON 39 mn result, decreasing RON 6 mn against that recorded in the same interval of last year.

Gross result (EBT)

Gross profit dropped RON 22 mn from RON 143 mn in January-June 2020 to RON 121 mn in January-June 2021.

The dynamics between the profit recorded in the first semester of 2021 compared to the first semester of 2020, broken down by profit constitutive components, is provided in the following graph:



Financial result

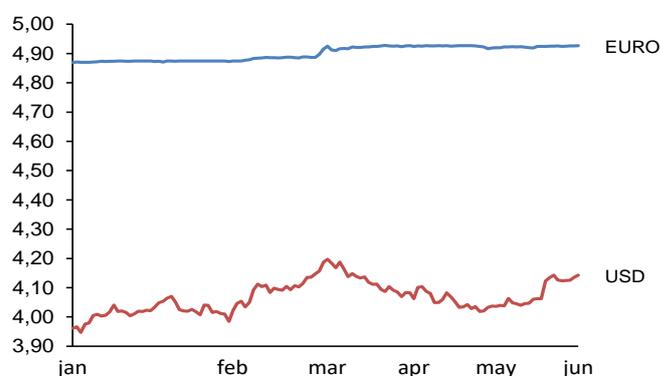
The net financial result registered in the first semester of anului 2021 is negative, amounting to RON 2 mn.

This was mainly influenced by the development of the national currency's exchange rate against Euro, the currency which the Company has contracted bank loans to finance investment plans.

[RON mn]	H1 2021	H1 2020	Δ	Δ (%)
Financial Income	3	5	-1	(29%)
- income from financial assets	0,02	0,00	0	n/a
- interest income	1,36	3,74	-2	(63%)
- income from exchange rate differences	2,08	1,18	1	76%
- other incomes	0,03	0,03	-0	(6%)
Financial expenses	5	7	-2	(22%)
- interest expenses	2,19	4,06	-2	(46%)
- expenses from exchange rate differences	3,15	2,79	0	13%
- other financial expenses	0,00	0,00	0	n/a
Net financial result	(2)	(2)	0	3%

The RON/Euro and RON/USD exchange rate in January - June 2021 is provided in the following graph:

Exchange rate evolution



Net result

Net profit decreased during the studied interval and reached to RON 104 mn in H1 2021 from RON 116 mn recorded in H1 2020.

FINANCIAL POSITION

Non-current assets

In the first semester of 2021 compared to 2020 non-current assets increased 3%, against the background of higher tangible assets in progress, mainly determined by investments made into high voltage electric substations and lines.

Assets of the usage rights for leased assets - buildings

Assets related to usage rights of leased assets - buildings represent the utilisation right for the spaces the Company rented in Platinum Office Building, according to the provisions of IFRS 16, Leasing Contracts.

Beginning with 01.10.2020 a new lease contract came in force (contract C232/2020 concluded with Dagesh Rom SRL), valid for 5 years.

On 30 June 2021 the accounting value of the utilisation right for spaces the Company rented in Platinum Office Building was in sum of RON 34 mn.

Financial assets

On 30 June 2021 such assets registered no change compared to 31 December 2020, remaining in H1 2021 at RON 82 mn.

Current assets

They registered 4% increase on 30 June 2021 (RON 1,505 mn) compared to the amount recorded on 31 December 2020 (RON 1,442 mn).

Trade receivables and other receivables registered 19% growth (RON 1,006 mn on 31 June 2021 against RON 848 mn on 31 December 2020), mainly because of:

- Higher volume of transactions on the balancing market in quarter II of 2021 compared to quarter IV of 2020, which determined higher receivables on balance on 30 June 2021 against 31 December 2020.

The main clients on balance on the electricity market are: Ciga Energy SA, MAVIR, Electrica Furnizare SA, RAAN, OPCOM, Cinta Energy SA, E.ON Energie Romania SA, Getica 95 COM SRL, CEZ Vanzare SA, and Tinmar Energy SA.

The share of main clients on the electricity market is about 57% in the total trade receivables.

On 30 June 2021 the Company registered collectable receivables under the bonus type support scheme to promote high efficiency cogeneration, of about 18% from total trade receivables.

The Company carries out activities associated to the bonus type support scheme to promote high efficiency cogeneration as administrator of such support scheme in

accordance with the provisions of HGR 1215/2009, “the main attributions being to collect monthly the cogeneration contribution and to pay bonuses every month”.

Clients under the bonus type support scheme to promote high efficiency cogeneration registered decrease on 30 June 2021, mainly determined by lower value invoiced for collection of monthly contribution.

On 31 March 2021 the Company registered collectable receivables amounting to RON 173 mn, represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to RON 76.70 mn, from RAAN – RON 63.46 mn and CET Govora SA – RON 13.23 mn;

- 2014 undue bonus amounting to ron 3.91 MN, from RAAN – RON 1.98 mn and CET Govora – RON 1.93 mn;

- 2015 undue bonus in sum of RON 0.56 mn, from CET Govora – RON 0.53 mn, and Interagro – RON 0.03 mn;

- 2020 undue bonus in sum of RON 0.52 mn from Donau Chem;

- Cogeneration contribution amounting to RON 21.20 mn uncollected from the suppliers of electricity consumers, namely from: Transenergo Com – RON 5.88 mn, PetProd – RON 4.39 mn, Romenergy Industry – RON 2.68 mn, RAAN – RON 2.38 mn, UGM Energy – RON 1.50 mn, CET Govora – RON 0.90 mn, KDF Energy – RON 0.88 mn and others.

By the date of this report the Company fully cashed the receivables related to the overcompensation of 2020 support scheme activities (sum of RON 16.47 mn) from Electrocentrale Bucharest, as well as RON 11.73 mn of the undue bonus amounting to RON 12.25 mn established in 2021 by ANRE Decisions from the following producers: Bepco SRL, Energy Complex Hunedoara, Energy Complex Oltenia, CET Arad, CET Govora, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electrouilaj SA, Polytechnic University of Bucharest, Prefab, Soceram SA and Termoficare Oradea.

To liquidate receivables generated by overcompensation and undue bonus the Company requested the generators qualified under the support scheme to make mutual compensations. In case of generators (RAAN, and CET Govora) that did not agree with this manner to extinguish mutual receivables and liabilities the Company has applied and further applies the provisions of article 17 para 5 of Order 116/2013 of ANRE president approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the payment mode of the bonus for electricity generated under high efficiency cogeneration and

withheld from payment the owed sums under the support scheme.

On 30 June 2021 **other receivables** in sum of RON 126 mn mainly include:

- Sundry debtors (RON 85 mn), of which:
 - Payment delay penalties amounting to RON 73 mn calculated for defaulting clients (of which RON 35 mn represent penalties for the support scheme).

The greatest delay penalties were registered by the following clients: RAAN (RON 16.9 mn), CET Govora (RON 9.6 mn), Electrocentrale Bucharest (RON 9.4 mn), Eco Energy SRL (RON 8.9 mn), Petprod SRL (RON 8.9 mn), Romelectro (RON 5.9 mn), Total Electric Oltenia (RON 3.3 mn), and OPCOM (RON 2 mn). Penalties calculated for late payment of operational activities were recorded with impairment allowances.

- Compensations owed by suppliers for their non-delivered electricity (Arelco Power RON 0.98 mn) and Enol Group (RON 2.54 mn). Impairment allowances were registered for penalties calculated on late receivables payment;

- Receivable to be recovered from OPCOM representing the VAT associated to the contribution in kind amounting to RON 4.52 mn to the subsidiary's share capital.

- Deferred expenses amounting to RON 7 mn are mainly represented by: international ENTSO-E subscription of 2021 (RON 2.8 mn), annual ANRE contribution for 2021 (RON 1.8 mn), rent and maintenance of office building (RON 0.7 mn), down payments to contracts concluded with electricity suppliers as necessary to cover one's technological consumption in future periods, RCA & CASCO policies and others;

- Other non-current receivables amounting to RON 4.3 mn, of which RON 4.2 mn represent securities for temporary land occupation calculated and withheld in accordance with article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code, with a view to achieve the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);

- Other social receivables in sum of RON 5 mn representing medical leaves paid to employees by the employer, which will be recovered from the National Health Insurance House according to applicable legislation.

Liabilities

Non-current liabilities amounting to RON 697 mn on 30 June 2021 registered 3% increased against the value recorded on 31 December 2020.

At the same time **current liabilities** registered also 10% growth (from RON 1,058 mn on 31 December 2020 to RON 1,168 mn on 30 June 2021), mainly against the

background of greater investment volume, namely contracts in progress invoiced to asset suppliers in the first semester of 2021 compared to 2020.

- On 30 June 2021 compared to 31 December 2020 **liabilities on balance on the electricity market** amounted to RON 498 mn against RON 468 mn, mainly influenced by:

- Higher *liability balance associated to operational activities*, which was mainly determined by payment liabilities paid in quarter III of 2021, found on balance on the electricity market on 30 June 2021;

- Lower *liabilities associated to the support scheme to suppliers (producers)*, mainly determined by paying the monthly bonus owed to RAAN, withheld for compensation but also by smaller monthly bonus for high efficiency cogeneration in quarter II of 2021 compared to quarter IV of 2020.

Suppliers on the electricity market are mainly represented by: Hidroelectrica SA, MAVIR, Energy Complex Oltenia SA, RAAN, Electrica Furnizare SA, OPCOM, IBEX, Electrocentrale Bucharest SA, OMV Petrom SA, and CIGA Energy SA.

On 30 June 2021 their share was about 84% in the total number of electricity suppliers.

On 30 June 2021 payment liabilities were recorded to suppliers (producers) amounting to RON 35.5 mn (RAAN – RON 32.2 mn and CET Govora SA – RON 3.4 mn), representing the monthly cogeneration bonus, the ex-ante overcompensation of 2014 and 2015, the unpaid bonus in 2015.

The amounts representing Company liabilities to RAAN and CET Govora associated to the support scheme were withheld for payment according to article 17 para 5 of Order 116/2013 of ANRE president, since suppliers (producers) register payment liabilities towards the Company under the bonus type support scheme.

- **Sundry creditors** amounting to RON 143.8 mn are mainly represented by:

- The net position of the support scheme for high efficiency cogeneration, a debt position amounting to RON 139.6 mn.

The net position of the support scheme is the difference between:

- *The contribution amounted collected from the suppliers of electricity consumers, the overcompensation of electricity and heat generation under high efficiency cogeneration, the undue bones to be collected from producers according to ANRE decisions, on the one hand, and*

- *The cogeneration bonus, the ex-ante overcompensation and the unpaid bonus payable to electricity producers*

under high efficiency cogeneration, beneficiaries of the support scheme, on the other hand;

- Studies for synchronous interconnection of power systems from Ukraine and the Republic Moldova with the continental European system; royalty for Q 2 of 2021 – RON 1.3 mn; study contracts – RON 0.6 mn, participation bonds and others;
- **Liability for assets associated to the usage rights of assets under leasing - buildings**, according to the provisions of IFRS 16, Leasing Contract, amounted to RON 34 mn.
- **Other liabilities** amounting to RON 33 mn were mainly represented by performance bonds of contracts on the electricity market concluded by NPG Transelectrica SA in sum of RON 18.8 mn, non-requestable VAT in the reporting period in sum of RON 14.3 mn and others;
- **Client creditors** amounting to RON 103 mn represented deferred amounts collected from MAVIR, OPCOM and IBEX under transactions the 4MMC (4M Market Coupling) mechanisms and under SIDC (Single Intraday Coupling);
- **Dividends owed to Company shareholders** on 30 June 2021 and unpaid amount to RON 64 mn, being at the shareholders' disposal by means of the payment agent;

Provisions registered value drop in the first semester of 2021 compared to the end of 2020, from RON 98 mn on 31 December 2020 to RON 70 mn on 30 June 2021, mainly determined by:

- Smaller amount of provisions constituted for disputes, which on 30 June 2021 amounted to RON 46 mn compared to RON 50 mn registered at the end of 2020;
- Provision for the mandate contracts which on 30 June 2021 provided balance of RON 24 mn, mainly representing the remuneration of executive and non-executive administrators, which includes also a variable component consisting of OAVT packages allocated and not capitalised during the mandates executed in 2013-2017;
- Other provisions.

Interest-bearing liabilities

On 30 June 2021 the non-current liability amounts diminished against 31 December 2020, mainly because of repayments made according to existent loan agreements.

Shareholders' equity

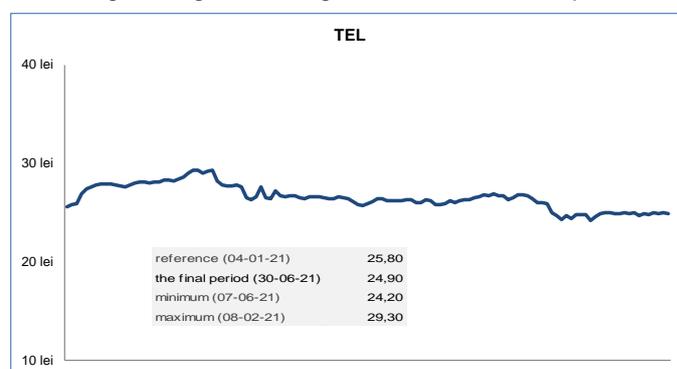
They increased 2%, mainly determined by the registration of net profit in sum of RON 104 mn achieved on 30 June 2021 into the retained result.

DEVELOPMENT OF SHARES

(01-Jan-2021 la 30-June-2021)

2021 began with 25.60 RON/share transaction price. At the end of the studied interval stock exchange capitalisation was RON 1,825 mn, the share providing 24.90 RON/share price. The minimum transaction price of 24.20 RON / share was registered on 07.06.2021, and the maximum one of 29.30 RON/share was reached on 08.02.2021.

The Company had the capacity to adapt to the economic context generated by the Covid-19 pandemic throughout 2021, which was mirrored in stabilised stock exchange value registering an average 26.53 RON/share price.



During the first semester of 2021 TEL shares were transacted on Romania's capital market recording 9,209 transactions, with average 74 transactions/day and 1,755,853 transacted shares of total 45,786 thousand RON value.

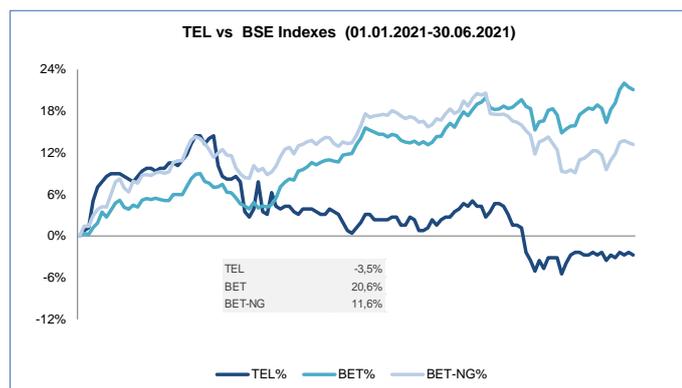
Transelectrica shares are part of the following stock exchange indexes: BET-NG, BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, and BETPlus.

From among those the most significant for the Company are:

- BET index (Bucharest Exchange Trading - reference index of the capital market showing the most liquid 17 companies listed on the BVB regulated market);
- BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index showing the development of energy companies and of associated utilities listed on the BVB regulated market).

In accordance with the latest adjustment date registered on 11.06.2021, TEL shares hold 1.68% of BET and 5.17% of BET-NG.

The development of TEL shares against the two indexes is provided in the graph below:



On the international scene Transelectrica shares are included in the structure of MSCI 100 Frontier Markets index, showing the development of the largest and most liquid hundred companies on the share markets considered as frontier ones according to the criteria of American company MSCI.

On 30.06.2021 the quota of TEL shares in the MSCI 100 Frontier Markets index was 0.04%, represented by 32,548 shares.

MAIN RISKS AND UNCERTAINTIES

Obviously, knowing the threats enables their hierarchical classification depending on their occurrence, on the magnitude of their impact over objectives and on the costs associated to the measures meant to reduce occurrence hazards or to limit unwanted consequences.

Within Transelectrica there is periodical systematic risk analysis pertaining to activities, thus elaborating the Risk Register of identified risks and the proper Action Plan meant to limit the possible consequences of such risks in accordance with legal provisions.

Among the elements that can influence the Company's liquidity are the following:

- Interest rate fluctuation,
- Exchange rate variation,
- The provisions of finance agreements: there are clauses in the financing contracts with respect to complying with certain financial indicators, changes in Company control, pari passu type clauses.

Breaching such clauses can entail, based on preliminary notification and a reasonable amount of time, anticipated payment of the credit; certain credits have penalising clauses in case of anticipated repayment.

To date the Company has never received notification of anticipated repayment for its breach of assumed obligations.

- Credit risk: the Company bears financial loss because of a contractual partner's incapacity or refusal to perform contractual obligations. Such risk

results mainly from trade receivables, cash and cash equivalents. Such risk on the centralised market allocating interconnection capacity was treating by concluding Agreements of capacity allocation with transmission system operators of neighbouring countries and preparations are to interconnect the markets of Hungary, Czech Republic, Slovakia and Poland,

- Risk of not collecting securities under investment projects: the main cause of such risk results from bank or insurance companies that provide security services without complying with the assumed obligations under the indemnity instruments they have issued,
- The level of fiscality, including the introduction of new taxes and charges;

Other risks that can influence the Company's financial performance are:

- Credit rating deterioration risk following worsened indicators and macro-political environment or/and worse financial performance of the Company; such risk shows a complex of factors with potential effect over rises in the financial costs on the credit market, which can significantly impact the Company taking into account the substantial amount of capital necessary to finance its investment plan in the next years. On the other hand the Company rating is strongly dependent on Romania's sovereign one;
- Investment risk as a result of financial difficulties in the subsidiaries, caused both by historical liabilities on the competitive market and by their improper management;
- Covid 19 impact: in the second quarter of 2021 as result of a higher percentage of vaccinated persons, EU/EEA and UK countries recorded lower infection cases. In this context the contagion risk of Company personnel diminished, which led to giving up tele labour;

Even with such relaxed restrictions the Company took all measures to limit the impact over its personnel.

Strategic risks:

- Achieving the Annual Investment Plan below the scheduled quantitative or qualitative levels;
- Incompliance with EU regulations;
- No security provided for classified information;
- Incomplete achievement of the RET Maintenance Plan;
- Impact over the personnel's health and security;
- Difficulties of recruitment, professional training and personnel motivation;

- Exceeding the work terms or providing poor quality work.

The Company does not stop at treating the consequences of likely occurring events but it also performs reactive management, implementing measures meant to mitigate risk occurrence.

At the same time as provided by standards periodical risk reviews lead to re-allocation of resources in compliance with changed hierarchical classifications and implicitly - priorities.

Transelectrica pays proper attention to analysing the risk environment and detects in due time the possible risks that might occur in the future and their approach should be prepared beforehand.

In the first semester of 2021 the Company did not face with impossible situations preventing it to comply with financial liabilities.

Therefore there are no risks and uncertainties for the following months of 2021 financial year, other than those previously described which might impact the Company's liquidity.

The Company was never unable to comply its financial liabilities, on the contrary it enjoys very good liquidity.

In the first semester of 2021 no problems occurred in the relationship with bank partners.

In conclusion treasury activity was not touched by the impact generated by the epidemiologic context of covid-19 spreading, as a matter of fact one can notice the net profit increased and was higher than the budget of semester I 2021.

In March this year the credit rating service contract was signed with the international Moody's Investors Service agency, for two years.

The Company keeps its Ba1 (Corporate Family Rating) with positive outlook as granted by Moody's Investors Service, which translates by a low business risk profile taking into account the Company's strategic importance and permanent improvement of the regulatory framework, as well as the benefit of governmental support in case of financial difficulties.



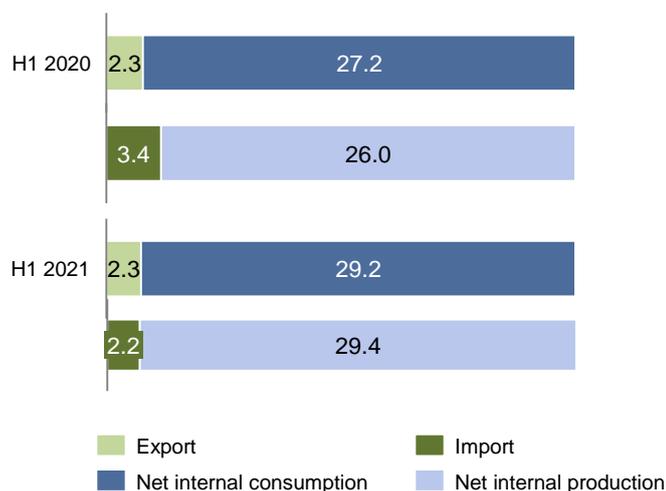
Operational data

ENERGY BALANCE WITHIN NPS

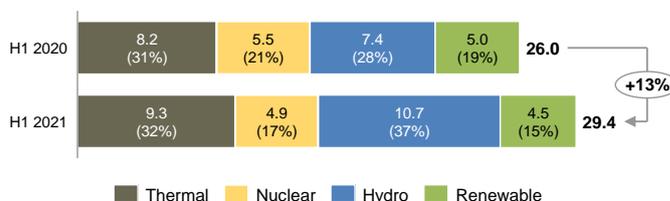
Analysing the development of components from the energy balance in January – June 2021 in comparison with the same period of last year, the net internal consumption¹ increased 7.5% and the net electricity output – 12.8%.

Export cross-border physical exchanges registered 1.5% increase in H1 2021 compared to the same period of 2020, while import cross-border flows decreased 36.6%.

Energy balance
(TWh)



Net electricity production mix evolution
(TWh)

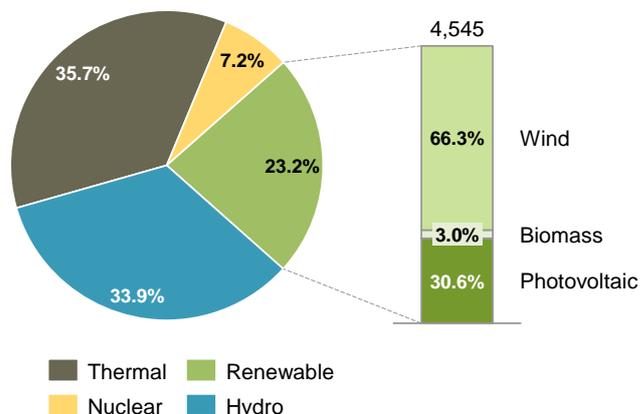


NATIONAL GENERATION FLEET

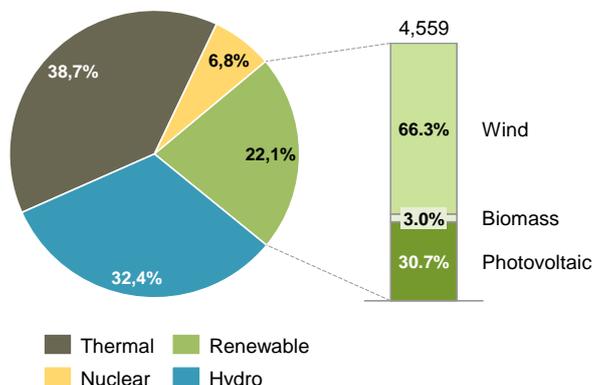
The installed capacity in renewable source power parks decreased about 0.3%, from 4,559 MW installed on 30 June 2020 to 4,545 MW installed on 30 June 2021.

The installed capacity in January – June 2021 versus January - June 2020 is provided below:

Installed capacity H1 2021 (19,583 MW, gross)



Installed capacity H1 2020 (20,662 MW, gross)



GENERATION MIX

In January – June 2021 compared to the same period of 2020 the generation mix provided about 11.1% drop in the nuclear component and 10.2% decrease of the renewable component. There were 45.2% growth of hydro sources and 13.5% increase of thermal capacities.

Examining the shares of components in the net generation mix, in January – June 2021 the greatest 36.5% share was that of hydro component followed by the thermal component at 31.6%, and the electricity generated from renewable and nuclear sources were about 15.2% and 16.6%.

¹ Values do not include the consumption of auxiliary services from electricity generating plants; the net consumption value includes the losses of transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations

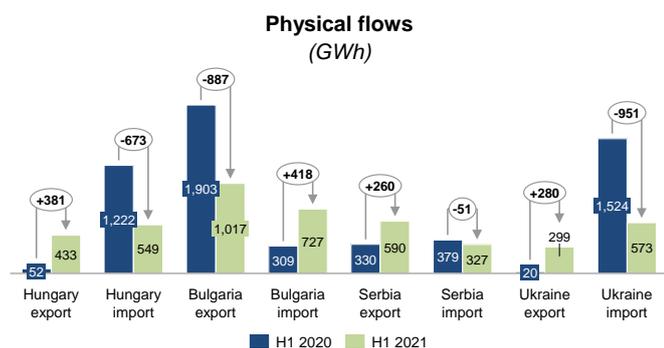
CROSS-BORDER FLOWS

The distribution of import/export physical flows in January - June 2021 compared to January - June 2020 was as follows:

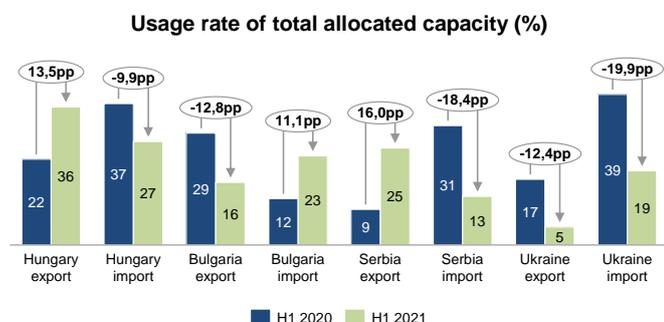
- Export decreased on the Bulgarian border and increased on the Serbian, Hungarian and Ukrainian borders, while import decreased on the frontier found in the excess electricity output area, namely the Serbian border on the interconnection situated in the deficit electricity generation area, namely the Ukrainian but also the Hungarian border, increase being registered on the Bulgarian frontier.

In concrete terms compared to January - June 2020 physical export flows dropped with Bulgaria (- 47%, 887 GWh) and increased on the Serbian border (260 GWh), with Hungary (381 GWh) but with Ukraine (280 GWh) as well, while import physical flows increased on interconnection lines with Bulgaria (135%, 418 GWh) and decreased on the Serbian (14%, 51 GWh), Ukrainian (62%, 951 GWh) and Hungarian (55%, 673 GWh) borders.

Both import and export physical flows on each border are provided below:



In January - June 2021 the utilisation of the total capacity allocated on interconnection lines for export dropped against the same period of 2020 on the Bulgarian and Ukrainian destinations.



The utilisation degree of total capacity rights on a border and direction represents the ratio expressed in percentage between the electricity of commercial exchanges made (notified) during a month and the electricity corresponding to the total capacity rights.

In the first semester of 2021 the electricity consumption within NPS registered constant increase by minimum 0.57% and maximum 21.65% in April. Such consumption growth was influenced on one hand by population immunisation against Covid-19 and gradual resumption of industrial activities, but on the other by temperature values recorded in the first four months of 2021 compared to the same period of 2020, as the weather was significantly colder.

Thus in H1 2021 the country average temperature was 7.5°C, compared to 8.4°C registered in the same period of last year.

In comparison with semester I of 2020 in general the utilisation of capacities allocated for import decreased while the utilisation of capacities allocated for export increased; but import trade exchanges decreased 7% and transited electricity dropped 12% next to 41% growth of export commercial exchanges, against the background of higher hydraulicity recorded nation-wide and higher European electricity consumption compared to the same period of 2020.

In the context of enforced general principles for capacity allocation and congestion management provided in article 16(8) of Regulation (EU) 2019/943, transmission system operators (TSO) do not limit the volume of interconnection capacity to be placed at the market participants' disposal to solve an internal congestion within their bidding zone or as management mode for flows from internal transactions within bidding zones.

In accordance with article 14(7) of Regulation (EU) 2019/943, the Transmission System Operator (TSO) NPG Transelectrica SA reports the structural congestions detected within the bidding zone Romania and between this bidding zone and nearby bidding zones in accordance with Regulation (EU) 2015/1222 of 24 July 2015 establishing guidelines regarding capacity allocation and congestion management (hereinafter called CACM Regulation).

Also article 16(8) provides such requirement is deemed fulfilled if a minimum available capacity is reached for cross-border trade. This minimum level is 70% of the transmission capacity (hereinafter called the 70% requirement) observing the operational safety limits.

To enable compliance with the provisions of article 16(8) Transelectrica provides the results of its analysis on structural congestions within NPS in accordance with article 14(7) of Regulation (EU) 2019/943.

This structural congestion report is transmitted to the National Regulatory Authority in the Energy domain (hereinafter called ANRE) for approval according to article 14(7) of Regulation (EU) 2019/943.

When the report has been approved by ANRE as competent authority the Ministry of Economy, Entrepreneurship and Tourism (hereinafter called MEET), according to the process provided in article 14(7) of Regulation (UE) 2019/943 should decide the manner of solving such structural congestions.

Romania can adopt either a national or multinational action plan in accordance with article 15 of Regulation (EU) 2019/943, or review and change the configuration of its bidding area.

In case of an action plan the available capacity for crossborder trade should be gradually increased by linear trajectory in order to provide compliance latest 31.12.2025 with the minimum level of available capacity for cross-border trade (70% requirement) provided in article 16(8) of Regulation (EU) 2019/943.

By transmitting this report to ANRE Transelectrica detects the structural congestions in the electricity transmission grid in the context of applying the minimum capacity according to article 16(8) of Regulation (EU) 2019/943 and requests approval to transmit it to MEET.

Providing the required report is considered preliminary condition for the Romanian State to decide either establishing an action plan as per article 15, or reviewing and changing the bidding area according to article 14(8) of Regulation (EU) 2019/943.

The provisions of article 16(8) from Regulation (EU) 2019/943 applies to the two capacity calculation regions Transelectrica is part of:

- Core region with the RO – HU border and
- SEE region with RO – BG border.

Structural congestions are mainly situated in the western and south-western areas of the NPS. They occur both because the electricity network in this area operates mainly at 220 kV, and the cross-border exchanges are focussed in this region (there are no synchronous interconnections between the northern and eastern parts of the NPS).

Structural congestions can be removed and the available capacity for cross-border trade can be increased by means of investments into PTG.

Commissioning the 400 kV OHL Nadab – Oradea Sud will lead to un-looping the 110 kV zones Arad and Oradea and thus to removing the structural congestion caused by the 110 kV OHL Salonta – Chisinau Cris. It will also eliminate the structural congestion caused by the 400 MVA, 400/220 kV AT Rosiori.

The other structural congestions will be eliminated when the project converting the 220 kV axis Porțile de Fier – Resita – Timisoara – Arad to 400 kV has been completed.

With a view to reach the 70% requirement according to article 16(8) of Regulation (EU) 201/943 there is also need for the investment projects- the 400 kV double circuit OHL Cernavoda – Stalpu with one input/output circuit in substation Gura Ialomitei and converting the Brazi Vest – Teleajen – Stalpu axis to 400 kV, as well as completing the 400 kV double circuit OHL (one circuit has been equipped) Smardan – Gutinas.

Transelectrica SA in its capacity of Transmission System Operator is investing to increase the interconnection capacity and to enable Romania to import more electricity.

Thus, beginning with 1 January 2021 it will provide significant cross-border capacity with the countries it operates interconnected with – Bulgaria, Hungary, Serbia and Ukraine – of 2,800 MW for export from Romania and 3,000 MW for import in Romania.

In the following five years such cross-border capacity will double by means of the wide investment programme assumed by the Company, which will enable developing the electricity markets coupling Europe-wide, thus contributing to reaching the European Union's objectives "Internal electricity market" and "Clean energy for all Europeans".

ONE'S OWN TECHNOLOGICAL CONSUMPTION

Compared to H1 2020, in H1 2021 OTC within PTG increased about 28%, while the percentage OTC increased from 2.16% to 2.67%.

The factors of significant impact over the OTC between January–June 2021, as for instance precipitation and the distribution of cross-border physical flows are beyond the control of Transelectrica.

OTC DEVELOPMENT FACTORS

In January 2021, OTC in absolute value increased compared to January 2020 by 32.4%, as a result of worse output distribution and a more disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources but also meteorological conditions were also worse, determining higher corona losses. The percentage of losses compared to the electricity input into PTG outline increased from 2.05% in 2020 to 2.94% in 2021. The electricity input into the outline decreased 7.4% in January 2021 (313.6 GWh) compared to the similar period of 2020, as a result of the decrease by approx. 4.7% (155.5 GWh) of the energy received from the producers connected to PTG and with approx. 35.2% (284.9 GWh) of the one received from import, amid the increase of approx. 64.4% (126.8 GWh) of energy received from RED. Meteorological conditions were worse and a greater amount of precipitation was registered, determining higher corona losses.

In February 2021, OTC in absolute value increased compared to February 2020 by 44.1%, as a result, in particular, of worse output distribution and a more disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources. The percentage of losses compared to the electricity input into PTG outline increased from 1.97% in 2020 to 2.93% in 2021. The electricity input into the outline decreased by 3.3% (124.5 GWh) in February 2021 compared to the period similar to 2020, amid a drop of imports by 43.5% (317.12 GWh) and energy received from RED by 10.17% (26.64 GWh), given the increase in energy received from producers directly connected to PTG with 7.94% (219.2 GWh). The weather conditions were better than the previous year, with less rainfall contributing to lower corona losses.

In March 2021, OTC in absolute value increased compared to March 2020 by approx. 15.8%, mainly due to the much more disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources, but also to an increase in transmitted energy, respectively due to more severe weather conditions that led to higher corona losses. The percentage of losses compared to the electricity input into PTG outline increased from 2.38% in 2020 to 2.57% in 2021. The electricity input into the outline increased by 7.1% (251.5 GWh) in March 2021 compared to the similar period from 2020, against the background of the increase of energy received from the producers directly connected to PTG by 9.31% (258.88 GWh), amid the reduction of import by 1.4% (6.45 GWh) and of energy received from PDG by 0.29% (0.97 GWh). The weather conditions were more severe, causing higher corona losses.

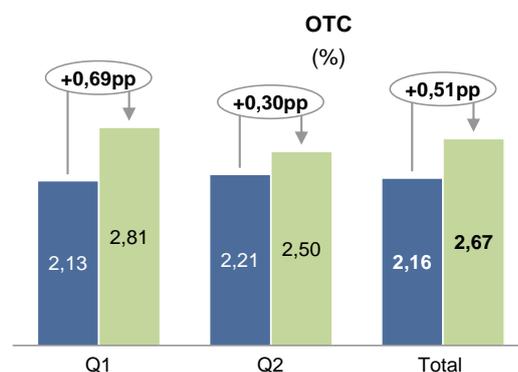
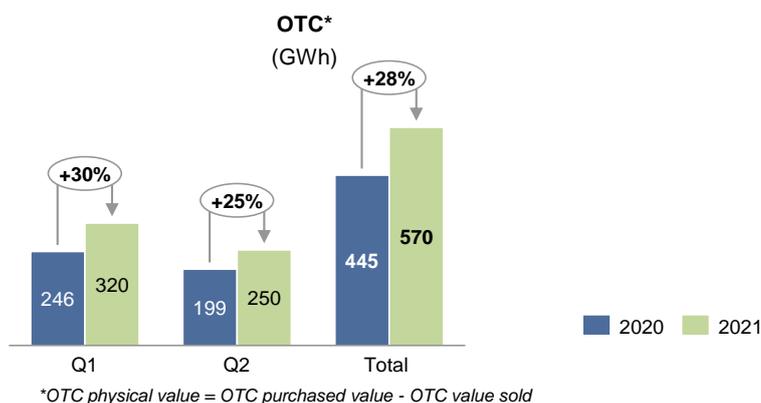
In April 2021, OTC increased compared to April 2020 by 43.9%, due to the disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources, but also to an increase in transmitted energy, respectively due to more severe weather conditions that led to higher corona losses. The percentage of losses compared to the electricity input into PTG outline increased from 2.07% in 2020 to 2.58% in 2021. The electricity input into the outline increased by 15.2% in

April 2021 (441.1 GWh) compared to the similar period from 2020, as a result of the increase by approx. 18.3% (402.7 GWh) of the energy received from the producers connected to PTG and by approx. 26.1% (68.5 GWh) of the one received from PDG, against the background of the decrease by approx. 6.8% (30 GWh) of energy received from import. Weather conditions were worse compared to the previous year, the greater amount of precipitation determining higher corona losses.

In May 2021, OTC increased compared to May 2020 by 20.3%, mainly due to the much more disadvantageous distribution of physical flows on interconnection lines, the increase in transmitted energy, but also due to worse output distribution, which led to higher electricity transmitted to distance from sources. The percentage of losses compared to the electricity input into PTG outline increased from 2.21% in 2020 to 2.59% in 2021. The electricity input into the outline increased by 2.8% (87.9 GWh) in May 2021 compared to the similar period from 2020, as a result of the increase by approx. 11.4% (257.5 GWh) of energy received from the producers connected to PTG and approx. 83.3% (212.9 GWh) of the one received from PDG, amid a drop of imports by 62.5% (382.6 GWh). The weather conditions were similar to those of the previous year in terms of rainfall.

In June 2021, the OTC increased compared to June 2020 by approx. 14.3%, mainly due to the disadvantageous distribution of physical flows on interconnection lines, which led to higher electricity transmitted to distance from sources, but also to the increase in transmitted energy, respectively due to unfavourable weather conditions in areas with high density of transmission power lines, determining higher corona losses. The percentage of losses compared to the electricity input into PTG outline increased from 2.34% in 2020 to 2.35% in 2021. The electricity input into the outline increased by 13.8% (415.1 GWh) in June 2021 compared to the similar period from 2020, against the background of the increase of energy received from the producers directly connected to PTG by 23.5% (517.3 GWh) and of energy received from PDG by 39.3% (134.1 GWh), amid a drop of imports by 51.8% (236.3 GWh).

It should be noted that the values for June 2021 are preliminary.



To conclude, in Q1 2021, OTC in PTG increased by approx. 30.2% compared to the same period in 2020, due to the disadvantageous distribution of physical flows on interconnection lines, unfavourable output distribution in the first two months and the unfavorable weather conditions in January and March, which led to an increase in corona losses, amid a drop of electricity input into PTG outline by approx. 2%. Compared to the electricity input into PTG outline, losses increased from 2.13% to 2.81%.

In Q2 2021, OTC in PTG increased by approx. 25.3% compared to the same period in 2020, due to the 10% increase in transmitted energy, the disadvantageous distribution of physical flows on interconnection lines and the unfavourable weather conditions in April and June, causing an increase in corona losses. Compared to the electricity input into PTG outline, losses increased from 2.21% to 2.50%.



Investments

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase in the total value of tangible assets on 30 June 2021 compared to 31 December 2020 was determined by the increase in the value of tangible assets in progress, simultaneously with the depreciation of tangible assets.

The value of fixed assets registered in accounting books in January-June 2021 is RON 62.7 mn (RON 52.7 mn in the same period of 2020) increasing by RON 10 mn.

In H1 2021, the greatest transfers from tangible assets in progress to tangible assets are represented mainly by the commissioning of investment objectives as follows:

- Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV substation Iron Gates – RON 13.7 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – RON 10.01 mn;
- Refurbishing the 220/110/20 kV substation Ungheni – RON 9.9 mn;
- Replacing AT and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – RON 7 mn;
- Free up the location and achieving the coexistence terms with the 400 kV installations of NPG Transelectrica SA in communes Letea Veche and Saucesti, Bacau County (execution) – RON 5.7 mn;
- Refurbishing the 220/110 kV substation Iaz – RON 3.7 mn;
- Moving and protecting HV electric grids (220 kV – 400 kV) – Brasov -Cluj - Bors Motorway, section 1C – Sighisoara - Targu Mures, sub-sections 2 & 3 Targu Mures – Ungheni I - Ogra – RON 3 mn;
- Replacing circuit breakers in electric substations – RON 2.7 mn;
- Replacing 16MVA transformer in Pitești Sud substation – RON 2.4 mn;
- Diversion of 400 kV networks on section 2, lot 2, located in Olt county for the execution of Craiova-Pitești expressway - OHL 400 kV s.c. Slatina-Draganesti Olt – RON 1.7 mn;
- Establishing communication between Resita substation and CTSI TTU Timisoara headquarters – RON 1.5 mn;
- Replacing shunt reactor, Substation Arad – RON 1.4 mn;
- Access road to Fântânele substation from DJ 134 – RON 1.1 mn;
- Thermal rehabilitation of transformer substation Constanta Nord buildings – RON 0.6 mn;
- Wi-Fi system own network access and internet – RON 0.4 mn;
- Diversion and protection of electrical networks on the Satu Mare bypassing - 220 kV OHL Roșiori - Vetiș – RON 0.3 mn;
- Portable power quality analyzers – RON 0.3 mn;
- Installing Differential Line Protection in Baia Mare 3 substation - RON 0.2 mn;
- Installing Differential Line Protection in 110kV OHL Jibou bay in 220/110kV Tihău substation – 0.2 mn;
- IP office telephones – 195.620;
- Increasing the safety of the installations in 400/220/110/10 kV Bucuresti Sud substation - 10 kV equipment replacement - Lot II - RON 0.2 mn;
- Installation and commissioning of Differential Line Protection in 110kV OHL Zalău bay in 220/110/20 kV Sălaj substation – RON 0.1 mn;
- UPS type continuous power supply - 2 pcs., Air conditioning units 14.5 kW - 2 pcs., Air dehumidification unit - 1 pc. – RON 0.1 mn;

PROCUREMENT OF ASSETS

The procurements of tangible and intangible assets in January – June 2021 amounted to RON 213.7 mn, a higher amount compared to the same period of 2020 when procurements were of RON 111.3 mn.

In H1 2021 there was an increase in the value of tangible fixed assets in progress mainly represented by the execution of investment works in high voltage power stations and lines, as follows:

- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – RON 92.2 mn;
- Refurbishing the 400/110/20 kV substation Domnesti – RON 21.7 mn;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Iron Gates - (Anina) – Resita – RON 18.1 mn;
- Refurbishing 220/110 kV Iaz substation – RON 15.1 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud, Stage I - Extending 400 kV Medgidia Sud substation – RON 12.8 mn;
- Upgrading the 400/220/110/20 kV substation Munteni – RON 11.2 mn;

- Replacing the ATUS-SF 400/400/160 MVA 400/231/22 kV AT 3 of the 400/220 kV substation Iron Gates – RON 11.1 mn;
- Refurbishing 110 kV Medgidia Sud substation – RON 9.7 mn;
- 400 kV mobile bays for connecting BC in the 400 kV Bradu and Sibiu Sud substations – RON 8.7 mn;
- Refurbishing 220/110 kV Craiova Nord substation – RON 8.1 mn;
- Relocation of 400 kV electrical networks at the junction with the Bucharest bypass motorway: KM 0 + 00 - KM 100 + 900, Lot 2: 69 + 000 - KM 85 + 300, related to South Side bypassing, OHL 400 kV Domnești – Bucuresti Sud and OHL 400 kV Slatina – Bucuresti Sud – RON 7.1 mn;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldova – RON 6.8 mn;
- Upgrading the 220/110/20 kV substation Raureni – RON 4.4 mn;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in substation Iernut; upgrading the command control system of the 400/220/110/6 kV substation Iernut – RON 4 mn;
- Refurbishing the 220/110 kV substation Hasdat – RON 3.1 mn;
- N-E ring SDH communication equipment – RON 3 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 2.8 mn;
- Consolidation of servers and data storage network (private cloud) – RON 2.6 mn;
- Refurbishing 220/110/20 kV Baru Mare substation – RON 2.5 mn;
- Replacing 16MVA transformer in Pitești Sud substation – RON 2.2 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 2.1 mn;
- Upgrading the 220/110/20kV substation Vetis – primary equipment – RON 2 mn;
- Diversion of 400 kV networks on section 2, lot 2, located in Olt county for the execution of Craiova-Pitești expressway - OHL 400 kV s.c. Slatina-Drăganesti Olt – RON 1.7 mn;
- Installing T3 - 250 MVA transformer in 400/110 kV Sibiu Sud substation – RON 1.6 mn;
- A3 MFPs – RON 1.5 mn;
- Refurbishing 400/110/20 kV Smârdan substation – RON 1.4 mn;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 1 mn.
- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – RON 204.3 mn;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Iron Gates - (Anina) – Resita – RON 79.7 mn;
- Refurbishing 400/110/20 kV Domnești substation – RON 62.1 mn;
- Connecting the 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – RON 54.9 mn;
- Connecting to PTG the 300 MW Ivesti WPP, the 88 MW WPP Falciu 1 and 18 MW WPP Falciu 2 by the new (400)/220/110 kV substation Banca – RON 46.9 mn;
- Refurbishing 220/110 kV Hășdat substation – RON 44.1 mn;
- Upgrading 400 (220)/110/20 kV Munteni substation – RON 21.9 mn;
- Refurbishing 220/110 kV Iaz substation – RON 21.2 mn;
- Upgrading 220/110/20 kV Răureni substation – RON 19.7 mn;
- Upgrading 220/110/20 kV Arefu substation – RON 15.5 mn;
- Extending the business continuity and post-disaster recovery services, Executive branch – RON 14.4 mn;
- 110 kV, 220 kV and 400 kV mobile bays – RON 14.3 mn;
- Upgrading the 220/110 kV substation Dumbrava – RON 14.1 mn;
- Refurbishing 110 kV Medgidia Sud substation – RON 13.2 mn;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in substation Iernut; upgrading the command control system of the 400/220/110/6 kV substation Iernut – RON 12.7 mn;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 12.2 mn;
- 400 kV mobile bays for connecting BC in the 400 kV Bradu and Sibiu Sud substations – 11.504.061;
- Upgrading 110 kV Bacău Sud and Roman Nord substations of the 400 kV axis Moldova – RON 10.6 mn;
- Refurbishing 400/110/20 kV Smârdan substation – RON 9.5 mn;
- Upgrading the 110 kV & 400 (220 kV) installations of Substation Focsani Vest – RON 8.6 mn;
- Refurbishing 220/110 kV Craiova Nord – RON 8.1 mn;
- Converting the Iron Gates - Reșița - Timișoara - Săcălaz - Arad axis to 400 kV - Stage I - 400/220/110 kV Reșița substation – RON 7.4 mn;
- Relocation of 400 kV electrical networks at the junction with the Bucharest bypass motorway: KM

The balance of tangible and intangible assets in progress on 30 June 2021 is represented by ongoing projects, of which the most significant are:

- 0 + 00 - KM 100 + 900, Lot 2: 69 + 000 - KM 85 +300, related to South Side bypassing, OHL 400 kV Domnești – Bucuresti Sud and OHL 400 kV Slatina – Bucuresti Sud – RON 7.1 mn;
- The 400 kV OHL Gadalin - Suceava, including NPS interconnection – RON 6 mn;
 - HVDC Link 400 kV (submarine cable Romania - Turkey) – RON 5.9 mn;
 - Upgrading the 220/110/20 kV substation Vetis – primary equipment – RON 5.6 mn;
 - Refurbishing the 110 kV substation Timisoara and converting the Iron Gates - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV substation Timisoara – RON 5.5 mn;
 - Upgrading the 220/110/20 kV substation Vetis – primary equipment – RON 5.4 mn;
 - Integrated security system in electric substations, stage IV – RON 4.8 mn;
 - The 400 kV OHL Suceava - Balti for the project section on Romanian territory – RON 4.4 mn;
 - 400 kV OHL d.c. Gutinaș – Smârdan – RON 4.2 mn;
 - 400 kV OHL s.c. Oradea Sud - Nadab - Bekescsaba, final stage: the section between towers 1-42 (48) of 400 kV OHL Oradea Sud - Nadab – RON 3.8 mn;
 - Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara – Sacalaz – RON 3.3 mn;
 - Adding new functions to the access control and IT account in the objectives of NPG Co. Transelectrica SA – RON 3.2 mn;
 - Refurbishing 220/110/20 kV Ungheni substation – RON 3.1 mn;
 - N-E ring SDH communication equipment – RON 3 mn;
 - Connecting to RET the 136 MW WPP Platonesti, Ialomita County, by building a 110 kV bay in the 400/110 kV subst. Gura Ialomitei – RON 2.9 mn;
 - Integrated security system in electric substations, stage III – RON 2.8 mn;
 - Refurbishing 220/110/20 kV Baru Mare substation – RON 2.7 mn;
 - 110 kV OHL diversion Cetate 1 and 2 near 110/20/6 kV Ostrovul Mare substation – RON 2.6 mn;
 - Consolidation of servers and data storage network (private cloud) – RON 2.6 mn;
 - Connecting to PTG the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County by building a 110 kV line bay in the 220/110 kV substation FAI – RON 2.5 mn;
 - 400 kV OHL Oradea – Beckescsaba – RON 1.8 mn;
 - Optical fibre communication achieved between substation Pitesti Sud and the remote control & installation supervision centre of TTU Pitesti (FS) – RON 1.7 mn;
 - Consolidation, upgrade and extension of offices for NPG Co. Transelectrica, Executive branch - 1.627.393;
 - 220 Kv OHL d.c. Ostrovu Mare - PTG – RON 1.6 mn;
 - A3 MFPs – RON 1.5 mn;
 - Replacing circuit breakers in electric substations – RON 1.4 mn;
 - 400 kV Stalpu substation – RON 1.4 mn;
 - Integrated security system at the new 400/220/110 kV Banca substation – RON 1.1 mn;
 - Implementation of an Electronic Archiving and Document Management system within NPG Co. Transelectrica SA – RON 5.5 mn;
 - Extending the business continuity and post-disaster recovery services, Executive branch – RON 0.4 mn.
- Fixed assets related to the rights to use leased assets - buildings represent the right to use the spaces rented by the Company in the Platinum office building, according to the provisions of IFRS 16 - Leasing contracts. Starting with 01.10.2020, the new leasing contract (contract no. C232/2020 concluded with Dagesh Rom SRL) entered into force, valid for a period of 5 years, with a value of EUR 9,000,000 (VAT free). As of June 30, 2021, the book value of the right to use the spaces rented by the Company in the Platinum office building amounts to RON 33.8 mn.

CONTRACTUAL ASPECTS

The most important investment contracts signed in H1 2021 are:

- 400 KV D.C. OHL Gutinaș-Smârdan – RON 247.8 mn;
- Refurbishing 400/110 kV Pelicanu transformer substation – RON 96.4 mn;
- Upgrading 220/110/20 kV Arefu substation – RON 38.6 mn.



Other issues

TARIFFS

Transmission tariff (transmission service + functional system service)

With a view to implement the new package of European regulations and especially *Directive (EU) 2019/944* and *Regulation (EU) 2019/943*, as well as *Regulation (EU) 2017/2195* and *Regulation (EU) 2017/1485*, in July 2020 upon ANRE's initiative the methodologies establishing tariffs for electricity transmission services and the tariffs of system services (only the component of functional system services) have been harmonised, namely the *Methodology establishing tariffs for electricity transmission services*, approved by ANRE Order 171/2019 and the *Methodology establishing tariffs of system services*, approved by ANRE Order 45/2017 (only the component of functional system services), as later amended and added, with the provisions of the fore-mentioned European regulations.

To this effect beginning with 01 January 2021 by ANRE Order 153/2020 the *Transmission methodology* establishes the mode to determine regulated revenues and to calculate regulated tariffs for electricity transmission services, which tariffs contain also the component of functional system services. Such uniformity was possible due to similar principles and rules establishing revenues and tariffs.

Taking into account the above and for a good understanding of data to be further provided, in the period before 1 January 2021 a cumulated tariff was calculated for transmission, which represents a virtual theoretical tariff calculated by summing up tariffs of profit-allowed activities, namely transmission and functional system services (the two tariffs were applied to the same quantity of electricity taken out of the network).

Index	Tariff	m.u.	Approved value	Approved value	Difference (%)
			1 Jul – 31 Dec 2020	1 Jan – 31 Dec 2021	
A	Electricity transmission	RON/MWh	17.97	20.55	-
B	Functional system services	RON/MWh	2.49		-
A+B	Total (A+B)	RON/MWh	20.46	20.55	+0.44%

Thus the factors that significantly contributed to changing the tariffs shown in the table above applicable from 01.01.2021 according to ANRE Order 214/09.12.2020 are detailed as follows:

- 1) Difference of linearization in the first year of the 4th regulatory period (2020-2024) amounting to 17,009,824 RON.
- 2) The fore-mentioned revenue difference was determined as difference between the cumulated revenue of the two regulated activities and the sum between the linearized revenue set for 2020, strictly established for transmission services and the regulated revenue approved for functional system services.
- 3) Corrected contribution to ANRE budget amounting to 19,326,090 RON.
Upon the re-alignment made taking into account year 2020 as well, expenses related to the ANRE contribution were reduced to 0.2% of the turnover, compared to the first linearization when it was calculated at 2% according to the applicable ANRE Order of that time.
- 4) The difference between the percentage values of inflation rates in 2020 and 2021 notified by the National Forecast Commission in the 2019 Autumn forecast vs. the 2020 Autumn forecast:

CNP - Autumn forecast 2019		CNP - Autumn forecast 2020	
2020	2021	2020	2021
3%	2.8%	2.2%	2.5%

Tariffs of system services (former technological system services)

In accordance with the provisions of article 47 from the *Methodology establishing tariffs of system services, approved by Order 45/2017 of the president of the National Regulatory Authority in the Energy domain*, with later amendments and additions and according to the expense & revenue analysis associated to system services, transmitted by NPG Transelectrica SA according to the provisions of the Guide monitoring

TSO activities and the bid results posted on the website www.transelectrica.ro, ANRE ascertained compliance with the review terms for system service tariffs approved for 1 July 2020 – 30 June 2021. Thus as per article 45 of the fore-mentioned Methodology: “*Tariffs of system services can be reviewed at least at 3 months’ intervals if differences are ascertained above 5% between the TSO’s justified revenues and costs of such services in the studied interval*”.

Index	Tariff	m.u.	Approved value	Approved value	Difference (%)
			1 Jul 2020 - 28 Feb 2021	1 Mar – 31 Dec 2021	
B	System service	RON/MWh	11.96	10.82	-9.53%

Taking into account the above, the factors with significant contribution in the changed tariffs provided in the table above applicable as of 01.03.2021, according to ANRE Order 9/24.02.2021, are detailed as follows:

- 1) The correction resulting by summing up the corrections of 1 July 2019 – 30 June 2020 and of semester II 2020, January-February 2021 amounts to -93,041,919 RON. Mention should be made that upon request of NPG Transelectrica SA such correction was spread out into 2 equal instalments in order to avoid the significant negative impact which its full application can have.

- 2) The second instalment of the correction will be included in the 2022 tariff of system services. Such correction generated a -6.7% tariff drop.
- 3) 3% increase of the electricity quantity that can be billed compared to the forecast used when calculating the preceding tariff, which determined a -2.8% decrease in the approved tariff.



Annexes

ANNEX 1: Stand-alone statement of financial position – unaudited results

[RON mn]	H1 2021	2020	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,685	3,561	124	3%
Assets of the usage rights for leased assets - buildings	34	38	(4)	(11%)
Intangible assets	6	7	(1)	(10%)
Financial assets	82	82	0	0%
Total non-current assets	3,807	3,687	119	3%
Current assets				
Inventories	38	38	(1)	(2%)
Trade and other receivables	1,006	847	159	19%
Profit tax recoverable	0	1	(1)	(100%)
Cash and cash equivalents	461	554	(93)	(17%)
Total current assets	1,505	1,442	64	4%
Total assets	5,312	5,129	183	4%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	0	0%
Legal reserves	138	138	0	0%
Revaluation reserves	805	842	(36)	(4%)
Other reserves	28	17	10	60%
Retained earnings	1,693	1,616	77	5%
Total shareholders' equity	3,447	3,395	51	2%
Non-current liabilities				
Long term deferred revenues	392	352	40	11%
Long term borrowings	91	102	(11)	(11%)
Other loans and assimilated debts - Long-term leasing of buildings	26	31	(5)	(16%)
Deferred tax liability	116	119	(3)	(2%)
Employee benefits liabilities	73	73	0	0%
Total non-current liabilities	697	676	21	3%
Current liabilities				
Trade and other liabilities	1,026	888	138	16%
Other loans and assimilated liabilities - Leasing of buildings	8	7	0	6%
Other tax and social security liabilities	11	17	(6)	(33%)
Short-term borrowings	25	25	0	1%
Provisions	70	91,6	(21)	(23%)
Short-term deferred revenues	26	29	(3)	(10%)
Income tax payable	2	0	2	n/a
Total current liabilities	1,168	1,058	111	10%
Total liabilities	1,865	1,733	132	8%
Total shareholders' equity and liabilities	5,312	5,129	183	4%

ANNEX 2: Stand-alone profit or loss statement – unaudited results

[RON mn]									
Indicator	2020	Q1 2021	H1 2021	H1 2020	Budgeted H1 2021	Achieved H1 2021 vs H1 2020	Achieved H1 2021 vs H1 2020 (%)	Achieved vs Budgeted H1 2021	Achieved vs Budgeted H1 2021 (%)
0	1	2	3	4	5	6=3-4	7=3/4	8=3-5	9=3/5
Operating revenues									
Transmission revenues	1,035	323	612	507	602	105	21%	10	2%
System services revenues	795	173	321	392	312	(71)	(18%)	10	3%
Balancing market revenues	495	220	469	166	240	303	182%	229	95%
Other revenues	42	10	19	24	21	(5)	(21%)	(2)	(10%)
Total operating revenues	2,367	726	1,422	1,090	1,175	332	30%	247	21%
Operating expenses									
System operating expenses	310	109	202	143	180	59	41%	22	12%
Balancing market expenses	495	212	456	166	240	290	175%	216	90%
Technological system services expenses	566	143	291	298	294	(7)	(2%)	(2)	(1%)
Depreciation and Amortisation	268	64	130	136	135	(6)	(4%)	(5)	(3%)
Personnel expenses	273	49	113	108	118	5	4%	(6)	(5%)
Repairs and maintenance expenses	98	15	37	37	48	0	1%	(11)	(24%)
Materials and consumables	8	2	3	3	6	(0)	(7%)	(3)	(51%)
Other operating expenses	170	37	66	53	87	13	24%	(21)	(25%)
Total operating expenses	2,188	631	1,299	945	1,109	354	37%	190	17%
Operating profit	180	96	123	145	66	(22)	(15%)	57	86%
Finance income	10	2	3	5	4	(1)	(29%)	(0)	(2%)
Finance expenses	15	3	5	7	7	(2)	(22%)	(1)	(20%)
Net finance result	(5)	(1)	(2)	(2)	(3)	0	3%	1	41%
Profit before income tax	175	94	121	143	63	(22)	(15%)	58	92%
Income tax	30	12	17	28	9	(11)	(39%)	8	85%
Net profit	145	82	104	116	54	(11)	(10%)	50	93%

ANNEX 3: Stand-alone cash flow statement – unaudited results

[RON mn]	H1 2021	H1 2020	Δ	H1 2021 vs 2020 (%)
Cash flows from operational activities				
Profit of the period	104.4	115.5	(11)	(10%)
Changes in:				
Income tax expense	16.9	27.7	(11)	(39%)
Amortisement expense	130.2	131.9	(2)	(1%)
Expenses with adjustments for trade receivables impairment	1.5	0.7	1	103%
Revenues from reversal of adjustments for trade receivables impairment	(1.9)	(1.5)	(0)	(27%)
Net expenditures/income with adjustments for various debtors impairment	(0.3)	0.9	(1)	n/a
Net expenditures/income with adjustments for inventories impairment	1.1	0.2	1	n/a
Net profit/ loss on sale of tangible assets	0.37	0.0	0	n/a
Net expenditures on adjustments of value regarding tangible assets	0.3	0.6	(0)	(50%)
Expenses/Income regarding provisions for risks and expenses, net	(21.6)	(0.0)	(22)	n/a
Interest expense, interest revenue and unrealised exchange rate gains	2.2	2.2	0	1%
Cash flows before changes to working capital	233.1	278.2	(45)	(16%)
Changes in:				
Clients and assimilated accounts - energy and other activities	(96.2)	72.1	(168)	n/a
Clients – balancing	(84.2)	21.5	(106)	n/a
Clients – cogeneration	21.7	(0.1)	22	n/a
Inventories	0.7	(4.0)	5	n/a
Trade and other liabilities - energy and other activities	48.5	(49.0)	98	n/a
Liabilities - balancing	73.1	(19.2)	92	n/a
Liabilities - cogeneration	(76.2)	(86.0)	10	11%
Debts paid Tax decision NAFA	(2.1)	0.0	(2)	n/a
Other loans and assimilated liabilities – Building leasing	(4.4)	0.0	(4)	n/a
Other taxes and social insurance liabilities	(5.6)	0.7	(6)	n/a
Deferred revenues	47.0	(7.6)	55	n/a
Cash flows from operational activities	155.4	206.5	(51)	(25%)
Interests paid	(2.3)	(4.2)	2	45%
Income tax paid	(16.4)	(19.4)	3	15%
Net cash generated from operational activities	136.7	182.9	(46)	(25%)
Cash flows from the investment activity				
Acquisition of tangible and intangible assets	(213.7)	(111.6)	(102)	(92%)
Participation titles held in SELENE CC Societe Anonyme	0.0	(0.2)	0	100%
Received Interests	1.4	3.7	(2)	(61%)
Dividends received	0.02	0.0	0	n/a
Other financial assets	0.0	(7.0)	7	100%
Net cash used in investments	(212.3)	(115.1)	(97)	(84%)
Cash flows used in financing activities				
Repayments of non-current borrowings	(11.8)	(13.2)	1	10%
Utilisation of the credit line for cogeneration	0.0	117.4	(117)	(100%)
Reimbursement of the credit line for cogeneration	0.0	(29.5)	30	100%
Building leasing payments	(5.2)	0.0	(5)	n/a
Dividends paid	(0.01)	(35.2)	35	100%
Net cash used for financing	(17.1)	39.5	(57)	n/a
Net diminution of cash and cash equivalents	(92.7)	107.3	(200)	n/a
Cash and cash equivalents on 1 January	554.0	320.8	233	73%
Cash and cash equivalents at the end of the period	461.3	428.1	33	8%

ANNEX 4: Economic-financial indicators of the reporting period

Indicators	Formula	H1 2021	2020
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.29	1.36
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	3.4%	3.7%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	3.3%	3.6%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	75.56	83.51
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.37	0.63

* The clients contributing to the turnover (energy, balancing, other clients, and clients with invoices to issue) were taken into consideration. The values corresponding to doubtful clients, the cogeneration scheme and the overcompensation were not included in the average balance.

ANNEX 5 REPORT (according to HAGEA 4/29.04.2015) on the contracts signed in H1/ 2021 to procure assets, services and work, which value is higher than 500,000 Euro/purchase (for assets and work) and above 100,000 Euro/purchase (for services)

No.	Contract number	Contractual object	Term	Value		Contract type	Legal base	Procurement procedure
				thousand RON	thousand RON			
0	1	2	3	4	5	6	7	8
1	C 25/2021	Upgrading 220/110/20 kV Arefu substation	30	38,634	-	Works	Law 99/2016 + GD 394/2016	Open bid
2	C 45/2021	Refurbishing 220/110 kV Filești substation	31	37,512	-	Works	Law 99/2016 + GD 394/2016	Open bid
3	C 67/2021	Acquisition and installation of 21 monitoring systems for the transformation units in Transelectrica substations	42	10,658	-	Works	Law 99/2016 + GD 394/2016	Open bid
4	C 47/2021	Power supply upgrade at UNO-DEN headquarters	12	8,751	-	Works	Law 99/2016 + GD 394/2016	Open bid
5	C 27/2021	Car fuel for the fleet, diesel groups and other tools and equipment belonging to Transelectrica	24	5,347	-	Supply	Law 99/2016 + GD 394/2016	Open bid
6	C 21/2021	Consolidation of servers and data storage network (private cloud)	7	4,671	-	Supply	Law 99/2016 + GD 394/2016	Open bid
7	C 22/2021	Multispectral aerial inspection of overhead power lines (OHL) 110-220-400-750 kV	36	2,887	-	Services	Law 99/2016 + GD 394/2016	Open bid
8	PT 04/1175/2021	Special services of guard, intervention and particular circumstance interventions to the objectives of TTU Pitesti	9	2,292	-	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT preliminary invitation
9	CT 808/2021	Mowing and vegetation removal services in TTU Constanța substations, lot 1 - CE Constanța, lot 2 - CE Tulcea and lot 3 - CE Galați	24	564	-	Services	Law 99/2016 + GD 394/2016	Open bid
10	C 89/2018 AA3	Addendum no. 3 to contract no. C89/2018 "Services for letting office space from OPCOM SA"	36	-	111	Services	Law 99/2016 + GD 394/2016	One's own procedure
11	C 156/2021	400 KV D.C. OHL Gutinaș-Smârdan	24	247,805	-	Works	Law 99/2016 + GD 394/2016	Open bid
12	C 5/2021	Refurbishing 400/110 kV Pelicanu transformer substation	35	96,388	-	Works	Law 99/2016 + GD 394/2016	Open bid

No.	Contract number	Contractual object	Term	Value		Contract type	Legal base	Procurement procedure
				thousand RON	thousand RON			
0	1	2	3	4	5	6	7	8
13	C 113/2021	Maintenance of the local metering system within NPG TRANSELECTRICA SA substations	36	4,270	-	Services	Law 99/2016 + GD 394/2016	Open bid
14	BC 2/2021	Upgrading in order to reduce the effects of galloping on the 400 kV OHL in the Bărăgan - Fetesti area. Diminishing the effects of galloping on OHL 400 kV Bucuresti Sud- Gura Ialomiței and OHL 400 kV Cernavoda - Gura Ialomiței (circuit 2)	5	3,745	-	Works	Law 99/2016 + GD 394/2016	Open bid
15	C 86/2021	Revolving bank credit line	12	2,580	-	Services	Law 99/2016 + GD 394/2016	One's own procedure

