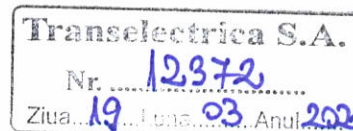




Tel: +40-21-319 9476
Fax: +40-21-319 9477
www.bdo.ro

Victory Business Center
Invingatorilor 24
Bucharest - 3
Romania
030922



INDEPENDENT AUDITORS' REPORT

To the Shareholders of CNTEE Transelectrica S.A
33 General Gheorghe Magheru Street, Bucharest-1, Romania

Registration: RO 13328043

Opinion

We have audited the separate financial statements of CNTEE Transelectrica S.A. (the Company), which comprise the separate statement of financial position as of December 31, 2020, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

The separate financial statements as at and for the year ended 31 December 2020 are identified as follows:

- | | |
|----------------------------|-------------------|
| • Net assets/Total equity: | 3,390,436,006 RON |
| • Net profit for the year: | 139,893,129 RON |

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as of December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Company in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

As mentioned in Note 8 Trade receivables and other receivables, as of 31 December 2020 the separate financial statements include receivables resulted from the activity of managing the support scheme for promoting high-efficiency cogeneration, out of which 137.7 million RON are due from debtors with financial difficulties or partners that have not confirmed the balances (137.7 million RON as of 31 December 2019). Also, as of 31 December 2020, the cogeneration activity resulted in liabilities in amount of 55.5 million related to partners in financial difficulty. According to the provisions of the ANRE Order, the remaining amounts not paid by the producers of electric and thermal cogenerated energy that access the support scheme, for which all legal steps for collecting the amounts have been taken, will be recovered by including them in the cogeneration contribution as per the methodology issued by ANRE; the financial closure of the support scheme will be made in the first semester of 2024. We mention that until now the methodology for the recovery of these debts and settle the liabilities has not been issued. We also mention that from the activity carried out in the role of administrator of the support scheme, as of 31 December 2020 the Company presents a credit balance in the amount of 159.6 million RON, respectively a debit balance in amount of RON 26.9 million as of 31 December 2019.

Our audit opinion is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition</p> <p>Please see Note 19 Revenue</p> <p>Revenue recognition policy is described in Note 3-q "Accounting Policies - Revenues".</p> <p>In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results.</p> <p>The Company's main revenue streams are represented by: the electricity transmission service, the system services and the balancing market operator activity.</p>	<p>Our audit procedures included, among other:</p> <ul style="list-style-type: none"> - We obtained an understanding of the revenue recognition policy for the main revenue streams; - We performed substantive tests on a sample of sales transactions recorded during the year; - We performed audit procedures for testing that revenues were recorded in the appropriate period.

<p>Electricity transmission is an activity of general interest in the field of electric power, regulated by a public authority, having a natural monopoly character. Tariffs applied for transmission and system services are established and approved by ANRE (National Energy Regulatory Authority).</p> <p>The company is the administrator of the balancing market. The activity is regulated ANRE. The purpose of this market is to ensure the balance of electricity production and consumption in real time using resources from a competitive environment.</p>	<ul style="list-style-type: none"> - Testing a sample of receivables by sending direct confirmation letters.
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Other information - Administrators' Report and Non-financial representation (Sustainability Report)

Administrators are responsible for the preparation and presentation of Other information. The Other information comprise the Administrator's report and the Non-financial representation (Sustainability Report) but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Administrator's report and the Non-financial representation (Sustainability Report), we read and report whether those are prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19, respectively 39-42 of the accounting regulations in accordance with International Financial Reporting Standards.

Based solely on the work required to be undertaken in the course of the audit of the separate financial statements, in our opinion:

- a) The information given in the Administrators' for the financial year for which the separate financial statements are prepared, is consistent, in all material respects, with the separate financial statements;
- b) The administrators' Report and the Non-financial representation (Sustainability Report) have been prepared, in all material respects, in accordance with OMFP no.

2844/2016, points 15-19, respectively 39-42, of the accounting regulations compliant with the International of Financial Reporting Standards.

In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the separate Financial Statements

Management is responsible for the preparation of the separate financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We were appointed by the General Shareholders' Meeting on 21 January 2019 to audit the financial statements of the Company for the years ended 31 December 2018, 2019 and 2020. Our total uninterrupted period of engagement is of three years, covering period ending 31 December 2018 and 31 December 2020.

We confirm that:

- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
- We have not provided to the Company the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.

Other matters

This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements and the report on the Administrators' Report, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors and
audit firms with no. FA18

Partner's name: Vasile Bulata

Registered in the Public Electronic Report of financial auditors and
audit firms with no. AF1480

Autoritatea pentru Supravegherea Publică
a Activității de Audit Statutar (ASPAAS)

Firma de Audit: BDO AUDIT SRL
Registrul Public Electronic: FA18

Autoritatea pentru Supravegherea Publică
a Activității de Audit Statutar (ASPAAS)

Auditor financiar: VASILE BULATA
Registrul Public Electronic: AF1480

Bucharest, Romania

19 March 2021

Note: This is the English translation of the Romanian version of the auditor's report. In case of any discrepancies the Romanian version will prevail.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of CNTEE Transelectrica S.A
33 General Gheorghe Magheru Street, Bucharest-1, Romania

Registration: RO 13328043

Opinion

We have audited the consolidated financial statements of CNTEE Transelectrica S.A. (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

The consolidated financial statements as at and for the year ended 31 December 2020 are identified as follows:

- | | |
|----------------------------|------------------------|
| • Net assets/Total equity: | 3,419,948 thousand RON |
| • Net profit for the year: | 136,837 thousand RON |

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 2844/2016 for the approval of the accounting regulations compliant with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), UE Regulation no. 537/2014 of the European Parliament and of the Council („The Regulation”) and Law no. 162/2017 („The Law”). Our responsibilities under those standards and regulations are further described in the **Auditor's Responsibilities for the Audit of the Financial Statements** section of our report. We are independent of the Group in accordance with International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (“IIESBA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, including the Regulation and the Law, and we have fulfilled out other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

As mentioned in Note 8 Trade receivables and other receivables, as of 31 December 2020 the consolidated financial statements include receivables resulted from the activity of managing the support scheme for promoting high-efficiency cogeneration, out of which 137.7 million RON are due from debtors with financial difficulties or partners that have not confirmed the balances (137.7 million RON as of 31 December 2019). Also, as of 31 December 2020, the cogeneration activity resulted in liabilities in amount of 55.5 million related to partners in financial difficulty. According to the provisions of the ANRE Order, the remaining amounts not paid by the producers of electric and thermal cogenerated energy that access the support scheme, for which all legal steps for collecting the amounts have been taken, will be recovered by including them in the cogeneration contribution as per the methodology issued by ANRE; the financial closure of the support scheme will be made in the first semester of 2024. We mention that until now the methodology for the recovery of these debts and settlement of the liabilities has not been issued.

We also mention that from the activity carried out in the role of administrator of the support scheme, as of 31 December 2020 the financial statements include a credit balance in the amount of 159.6 million RON, respectively a debit balance in amount of RON 26.9 million as of 31 December 2019.

Our audit opinion is not modified with respect to this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a consolidated opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition Please see Note 19 Revenue Revenue recognition policy is described in Note 3 "Accounting Policies - Revenues". In accordance with International Standards on Auditing, there is an implicit risk on revenue recognition due to the pressure on management in obtaining the planned results. The Group's main revenue streams are represented by: the electricity transmission	 Our audit procedures included, among other: <ul style="list-style-type: none">- We obtained an understanding of the revenue recognition policy for the main revenue streams;- We performed substantive tests on a sample of sales transactions recorded during the year;- We performed audit procedures for testing that revenues were recorded in the appropriate period.

<p>service, the system services and the balancing market operator activity.</p> <p>Electricity transmission is an activity of general interest in the field of electric power, regulated by a public authority, having a natural monopoly character. Tariffs applied for transmission and system services are established and approved by ANRE (National Energy Regulatory Authority).</p> <p>The Group is the administrator of the balancing market. The activity is regulated ANRE. The purpose of this market is to ensure the balance of electricity production and consumption in real time using resources from a competitive environment.</p>	<p>- Testing a sample of receivables by sending direct confirmation letters.</p>
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Other information - Administrators' Report and the Non-financial representation (Non-financial consolidated Report)

Administrators are responsible for the preparation and presentation of Other information. The Other information comprise the Administrator's report and the Non-financial representation (Non-financial consolidated Report), but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the Other information and, in doing so, consider whether the Other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Administrator's report and the Non-financial representation (Non-financial consolidated Report), we read and report whether those have been prepared, in all material respects, in accordance with the Order of Minister of Public Finance no 2844/2016, articles 15-19, respectively 39-42 of the accounting regulations in accordance with International Financial Reporting Standards.

Based solely on the work required to be undertaken in the course of the audit of the consolidated financial statements, in our opinion:

- a) The information given in the Administrators' for the financial year for which the consolidated financial statements are prepared, is consistent, in all material respects, with the consolidated financial statements;

- b) The administrators' Report and the Non-financial representation (Non-financial consolidated Report) have been prepared, in all material respects, in accordance with OMFP no. 2844/2016, points 15-19, respectively 39-42, of the accounting regulations compliant with the International of Financial Reporting Standards.

In addition, based on our knowledge and understanding of the entity and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Administrators' report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Order of the Minister of Public Finance no. 2844/2016. and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

We were appointed by the General Shareholders' Meeting on 21 January 2019 to audit the financial statements of the Group for the years ended 31 December 2018, 2019 and 2020. Our total uninterrupted period of engagement is of three years, covering period between 31 December 2018 and 31 December 2020.

We confirm that:

- Our audit opinion is consistent with the additional report presented to the Audit Committee of the Company, which is issued with the same date as the current report. We also remain independent of the audited entity in conducting the audit.
- We have not provided to the Group the prohibited non-audit services referred to in article 5 (1) of EU Regulation no 537/2014.

Other matters

This report of the Independent Auditor is addressed exclusively to the Company's shareholders, as a body. Our audit was undertaken in order to report to the Company's shareholders all those aspects that we are required to state to them in a financial audit report and for no other purposes whatsoever. To the extent permitted by law, we do not accept or take responsibility to anyone other than the Company and its shareholders, as a body, for our audit work, for the report on the financial statements and the report on the Administrators' Report, or for the opinion we have formed.

For and behalf of BDO Audit SRL

Registered in the Public Electronic Report of financial auditors and
audit firms with no. FA18

Partner's name: Vasile Bulata

Registered in the Public Electronic Report of financial auditors and
audit firms with no. AF1480

Autoritatea pentru Supravegherea Publică
a Activității de Audit Statutar (ASPAAS)

Firma de Audit: BDO AUDIT SRL
Registrul Public Electronic: FA18

Autoritatea pentru Supravegherea Publică
a Activității de Audit Statutar (ASPAAS)

Auditor financiar: VASILE BULATA
Registrul Public Electronic: AF1480

Bucharest, Romania

19 March 2021

Note: This is the English translation of the Romanian version of the auditor's report. In case of any discrepancies the Romanian version will prevail.