

**CNTEE Tranelectrica SA**  
**Company managed by two-tier system**

Stand-alone Simplified Interim Financial Statements  
as of and for the six months' period ended on  
**30 June 2021**

Elaborated in accordance with the  
**International Accounting Standard 34, "Interim Financial Report"**

**CNTEE Transelectrica SA**

Stand-alone interim simplified financial position on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	Note	30 June 2021	31 December 2020
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets		3,684,765,170	3,560,861,042
Assets according to usage rights of assets under leasing - buildings		33,797,018	37,773,137
Intangible assets		6,296,519	6,976,600
Financial assets		81,742,973	81,742,973
<b>Total non-current assets</b>	<b>4</b>	<b>3,806,601,680</b>	<b>3,687,353,752</b>
<b>Current assets</b>			
Inventories		37,733,083	38,401,417
Trade and other receivables	<b>5</b>	1,006,182,367	847,936,655
Income tax to recover		-	1,247,719
Other financial assets	<b>6</b>	-	-
Cash and cash equivalents	<b>7</b>	461,333,130	554,003,528
<b>Total current assets</b>		<b>1,505,248,580</b>	<b>1,441,589,319</b>
<b>Total assets</b>		<b>5,311,850,260</b>	<b>5,128,943,071</b>
<b>Shareholders' equities and liabilities</b>			
<b>Shareholders' equities</b>			
Share capital, of which:		733,031,420	733,031,420
<i>Share capital subscribed</i>		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		137,832,724	137,832,724
Revaluation reserves		805,269,269	841,699,025
Other reserves		27,926,292	17,441,687
Retained earnings		1,692,679,258	1,615,652,289
<b>Total shareholders' equities</b>	<b>8</b>	<b>3,446,581,515</b>	<b>3,395,499,697</b>
<b>Non-current liabilities</b>			
Non-current deferred revenues	<b>9</b>	391,539,554	352,028,637
Borrowings	<b>10</b>	90,989,552	101,671,268
Other loans and assimilated liabilities – Building leasing – long term	<b>11</b>	25,667,852	30,531,904
Deferred tax liabilities		116,386,121	119,037,879
Liabilities regarding employees' benefits		72,641,000	72,641,000
<b>Total non-current liabilities</b>		<b>697,224,079</b>	<b>675,910,688</b>
<b>Current liabilities</b>			
Trade and other liabilities	<b>11</b>	1,026,031,902	887,977,288
Other loans and assimilated liabilities – Building leasing – short term	<b>11</b>	7,897,800	7,416,569
Other tax and social security liabilities	<b>12</b>	11,390,874	17,011,429
Borrowings	<b>10</b>	24,870,765	24,709,805
Provisions		70,086,008	91,564,358
Current deferred revenues	<b>9</b>	25,899,050	28,853,237
Payable income tax		1,868,267	-
<b>Total current liabilities</b>		<b>1,168,044,666</b>	<b>1,057,532,686</b>
<b>Total liabilities</b>		<b>1,865,268,745</b>	<b>1,733,443,374</b>
<b>Total shareholders' equities and liabilities</b>		<b>5,311,850,260</b>	<b>5,128,943,071</b>

The attached notes 1-22 constitute integral part of these stand-alone simplified interim financial statements.

**CNTEE Traselectrica SA**

Stand-alone profit and loss account for the six months' period ended on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

	Note	01 April – 30 June 2021	01 April – 30 June 2020	01 January – 30 June 2021	01 January – 30 June 2020
<b>Revenues</b>					
Transmission revenues		289,866,670	226,285,837	612,467,434	507,257,553
System service revenues		148,142,983	177,640,068	321,352,488	392,468,578
Balancing market revenues		248,642,920	68,544,237	468,866,026	166,063,550
Other revenues		8,786,999	14,647,986	19,068,648	24,171,586
<b>Total revenues</b>	<b>14</b>	<b>695,439,572</b>	<b>487,118,128</b>	<b>1,421,754,596</b>	<b>1,089,961,267</b>
<b>Operational expenses</b>					
System operation expenses	<b>15</b>	(93,398,885)	(61,552,826)	(202,145,204)	(142,897,404)
Balancing market expenses	<b>15</b>	(243,971,043)	(68,544,237)	(456,125,881)	(166,063,550)
Expenses regarding technological system services	<b>15</b>	(148,400,596)	(132,282,309)	(291,462,034)	(298,215,617)
Amortisement		(66,209,471)	(67,656,813)	(130,171,902)	(136,112,088)
Personnel expenses	<b>16</b>	(64,004,284)	(56,454,056)	(112,985,386)	(108,327,500)
Repairs and maintenance		(21,534,955)	(20,778,107)	(36,907,337)	(36,676,690)
Materials and consumables		(1,616,543)	(1,696,667)	(3,145,357)	(3,380,317)
Other operational expenses	<b>17</b>	(28,982,846)	(27,034,790)	(65,695,237)	(53,146,522)
<b>Total operational expenses</b>		<b>(668,118,623)</b>	<b>(435,999,805)</b>	<b>(1,298,638,338)</b>	<b>(944,819,688)</b>
<b>Operational profit</b>		<b>27,320,949</b>	<b>51,118,323</b>	<b>123,116,258</b>	<b>145,141,579</b>
Financial revenues		1,671,192	2,402,514	3,490,064	4,948,338
Financial expenses		(2,140,582)	(2,720,234)	(5,340,814)	(6,853,084)
<b>Net financial result</b>	<b>18</b>	<b>(469,390)</b>	<b>(317,720)</b>	<b>(1,850,750)</b>	<b>(1,904,746)</b>
<b>Profit before income tax</b>		<b>26,851,559</b>	<b>(50,800,603)</b>	<b>121,265,508</b>	<b>143,236,833</b>
Income tax	<b>13</b>	(4,446,538)	(12,489,976)	(16,894,561)	(27,729,453)
<b>Profit of the time period</b>		<b>22,405,021</b>	<b>38,310,627</b>	<b>104,370,947</b>	<b>115,507,380</b>

**CNTEE Tranelectrica SA**

Stand-alone profit and loss account for the six months' period ended on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	<u>Note</u>	<u>01 April – 30 June 2021</u>	<u>01 April – 30 June 2020</u>	<u>01 January – 30 June 2021</u>	<u>01 January – 30 June 2020</u>
<b>Profit of the time period</b>		<b>22,405,021</b>	<b>38,310,627</b>	<b>104,370,947</b>	<b>115,507,380</b>
<b>Other comprehensive revenue items</b>		-	-	-	-
<b>Total comprehensive revenue</b>		<b>22,405,021</b>	<b>38,310,627</b>	<b>104,370,947</b>	<b>115,507,380</b>

The stand-alone simplified interim financial statements here provided have been signed by the Company's governance team on 06 August 2021.

**DIRECTORATE,**

**Chairman**  
**Bogdan TONCESCU**

**Member**  
**Adrian MORARU**

**Member**  
**Ionut-Bogdan GRECIA**

**Member**  
**Catalin-Constantin NADOLU**

**Member**  
**Marius-Viorel STANCIU**

**Director, Economic-Financial and Administrative Unit**  
**Ana-Iuliana DINU**

**Manager, Accounting Department**  
**Georgiana-Beatrice STEFAN**

The attached notes 1-22 constitute integrant part of these stand-alone simplified interim financial statements.

**CNTEE Transelectrica SA**

Stand-alone statement of changes in shareholders' equities on 30 June 2021

(All amounts are expressed in LEL, unless otherwise provided)

	Share capital	Share premium	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Total
<b>Balance on 01 January 2020</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>129,096,113</b>	<b>922,454,926</b>	<b>15,771,718</b>	<b>1,433,931,608</b>	<b>3,284,128,337</b>
<b>Comprehensive revenue of the period</b>							
Profit of the time interval	-	-	-	-	-	144,956,820	<b>144,956,820</b>
<b>Other comprehensive revenue items, of which:</b>							
Recognition of defined benefit plan actuarial gains	-	-	-	-	-	999,668	<b>999,668</b>
Surplus from revaluation of tangible assets	-	-	-	(1,069,585)	-	-	<b>(1,069,585)</b>
Liability reg. deferred tax rel. to reval. reserve	-	-	-	534,309	-	(534,309)	-
Transfer of reval. reserve in retained earnings	-	-	-	(80,221,592)	-	80,221,592	-
<b>Total other comprehensive revenue items</b>	-	-	-	<b>(80,756,868)</b>	-	<b>80,686,951</b>	<b>(69,917)</b>
<b>Total comprehensive revenue of the period</b>	-	-	-	<b>(80,756,868)</b>	-	<b>225,643,771</b>	<b>144,886,903</b>
<b>Other items</b>							
Legal reserve indexation	-	-	8,736,611	-	-	(8,736,611)	-
Other items	-	-	-	967	-	(971)	<b>(4)</b>
<b>Total other items</b>	-	-	<b>8,736,611</b>	<b>967</b>	-	<b>8,737,582</b>	<b>(4)</b>
<b>Contributions from &amp; distributions to shareholders</b>							
De-recognition of assets like public domain by recording HG 615, 682 & 683 / 2019 amending the inventory of public domain assets	-	-	-	-	-	-	-
Subsidies related to assets of the state's public domain	-	-	-	-	1,669,969	-	<b>1,669,969</b>
Dividends distribution	-	-	-	-	-	(35,185,508)	<b>(35,185,508)</b>
<b>Total contributions from &amp; distributions to shareholders</b>	-	-	-	-	<b>1,669,969</b>	<b>(35,185,508)</b>	<b>(33,515,539)</b>
<b>Balance on 31 December 2020</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,832,724</b>	<b>841,699,025</b>	<b>17,441,687</b>	<b>1,615,652,289</b>	<b>3,395,499,697</b>
<b>Balance on 1 January 2021</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,832,724</b>	<b>841,699,025</b>	<b>17,441,687</b>	<b>1,615,652,289</b>	<b>3,395,499,697</b>
<b>Comprehensive revenue of the period</b>							
Profit of the time interval	-	-	-	-	-	104,370,947	<b>104,370,947</b>
<b>Other comprehensive revenue items, of which</b>							
Recognition of determined benefit plan actuarial gains / losses	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(36,429,756)	-	36,429,756	-
<b>Total other comprehensive revenue items</b>	-	-	-	<b>(36,429,756)</b>	-	<b>36,429,756</b>	-
<b>Total comprehensive revenue of the period</b>	-	-	-	<b>(36,429,756)</b>	-	<b>140,800,703</b>	<b>104,370,947</b>
<b>Other items</b>							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Total other changes</b>	-	-	-	-	-	-	-
<b>Contributions from &amp; distributions to shareholders</b>							
De-recognition of assets like public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state's public domain	-	-	-	-	10,484,605	-	<b>10,484,605</b>
Dividends distribution	-	-	-	-	-	(63,773,734)	<b>(63,773,734)</b>
<b>Total contributions from &amp; distributions to shareholders</b>	-	-	-	-	<b>10,484,605</b>	<b>(63,773,734)</b>	<b>(53,289,129)</b>
<b>Balance on 30 June 2021</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,832,724</b>	<b>805,269,269</b>	<b>27,926,292</b>	<b>1,692,679,258</b>	<b>3,446,581,515</b>

The attached notes 1-22 constitute integrant part of these stand-alone simplified interim financial statements.

**CNTEE Transelectrica SA**

Stand-alone statement of cash flows on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	<b>6 months' period ended on 30 June 2021</b>	<b>6 months' period ended on 30 June 2020</b>
<b>Cash flows from operational activities</b>		
Profit of the period	104,370,947	115,507,380
<b>Allowances for:</b>		
Income tax expense	16,894,561	27,729,453
Amortisement expense	130,171,902	131,892,966
Impairment allowance expense for trade receivables	1,451,439	713,875
Reversal of impairment allowances for trade receivables	(1,897,514)	(1,492,384)
Losses from sundry debtors	35,619	-
Net expense/ revenue with impairment allowances for sundry debtors	(339,884)	881,708
Net expenses with impairment allowances for inventories	1,073,661	177,034
Net profit / loss from the sale of tangible assets	368,892	21,042
Net expenses with value allowances regarding tangible assets	299,462	598,924
Net expenses / revenues regarding provisions for risks and expenses	(21,570,905)	(11,293)
Interest expense, interest revenue and unrealised gains from exchange rate differences	2,211,894	2,190,610
<b>Cash flows before changes to current shareholders' equity</b>	<b>233,070,074</b>	<b>278,209,315</b>
<b>Changes into:</b>		
Clients and assimilated accounts - energy and other activities	(96,179,492)	72,114,697
Clients - balancing	(84,188,217)	21,494,247
Clients - cogeneration	21,733,310	(139,175)
Inventories	668,334	(4,001,248)
Trade and other liabilities - energy and other activities	48,504,636	(48,999,217)
Liabilities - balancing	(73,109,873)	(19,227,806)
Liabilities - cogeneration	(76,187,255)	(85,959,162)
Liabilities paid as per ANAF's Taxation Decision	(2,140,264)	-
Other loans and assimilated liabilities – Building leasing	(4,382,821)	-
Other tax and social security liabilities	(5,620,555)	656,503
Deferred revenues	47,041,335	(7,633,660)
<b>Cash flows from operational activities</b>	<b>155,428,958</b>	<b>206,514,494</b>
Interest paid	(2,304,594)	(4,172,790)
Income tax paid	(16,430,332)	(19,424,648)
<b>Net cash generated from operational activities</b>	<b>136,694,032</b>	<b>182,917,056</b>
<b>Cash flows from investments</b>		
Procurements of tangible and intangible assets	(213,747,287)	(111,561,787)
Participation titles at SELENE CC Societe Anonyme	-	(242,140)
Interest cashed	1,429,152	3,689,251
Dividends cashed	21,512	1,769
Other financial assets	-	(7,000,000)
<b>Net cash used for investments</b>	<b>(212,296,623)</b>	<b>(115,112,907)</b>
<b>Cash flows used in financing</b>		
Repayments of non-current loans	(11,813,354)	(13,163,446)
Utilisation of cogeneration credit line	-	117,396,877
Repayments of cogeneration credit line	-	(29,540,187)
Building leasing payments	(5,239,457)	-
Dividends paid	(14,996)	(35,184,742)
<b>Net cash used in financing</b>	<b>(17,067,807)</b>	<b>39,508,502</b>
<b>Net increase/(decrease) of cash and cash equivalents</b>	<b>(92,670,398)</b>	<b>107,312,651</b>
<b>Cash and cash equivalents on 1 January</b>	<b>554,003,528</b>	<b>320,768,647</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>461,333,130</b>	<b>428,081,298</b>

The attached notes 1-22 constitute integrant part of these stand-alone simplified interim financial statements.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

---

### 1. General information

The main business of CNTEE Transelectrica SA ("Company") consists in: providing electricity transmission and system services, balancing market operator, administrator of the bonus type support scheme, and other related activities. They are carried out according to the provisions of operational licence 161/2000 issued by ANRE, updated under ANRE Decision 571/08.04.2020, of the General licence terms approved by ANRE Order 104/2014, with later amendments and additions and of the Company's final certification as transmission and system operator of the National Power System according to the ownership unbundling model as per ANRE Order 164/07.12.2015.

Headquarters address is at: Blvd. General Gheorghe Magheru 33, Bucharest 1. At present the Company's executive group are active in the working location of Str. Olteni 2-4, Bucharest 3.

The stand-alone interim simplified financial statements elaborated on 30 June 2021 have not been audited.

### 2. Bases of elaboration

#### a) Statement of conformity

These stand-alone interim simplified financial statements have been elaborated in accordance with IAS 34 *Interim financial reporting*. They do not include all the information necessary for a complete set of financial statements in accordance with the International Financial Reporting Standards (IFRS). Nevertheless some explanatory notes have been included to explain the events and transactions significant for understanding the changes occurred in the Company's financial position and performance since the last annual stand-alone financial statements of the date and for the financial period ended on 31 December 2020.

#### b) Professional reasoning and estimations

The significant reasoning that the governing team have used for the application of the Company's accounting policies and the main uncertainty sources regarding estimations were the same with those applied to the stand-alone financial statements as of and for the financial period ended on 31 December 2020.

### 3. Significant accounting policies

The accounting policies applied in these stand-alone interim financial statements are the same with those applied in the Company's stand-alone financial statements as of and for the financial year ended on 31 December 2020.

### 4. Tangible, intangible and financial assets

#### a) Tangible assets

The higher total value of tangible assets on 30 June 2021 compared to 31 December 2020 was determined by greater values of tangible assets in progress while registering the amortisement of tangible assets.

Thus the higher value of **tangible assets underway** in the first semester of 2021 was mainly determined by investments made into high voltage substations and lines, as follows:

- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – 92,189,381;
- Refurbishing the 400/110/20 kV substation Domnesti – 21,687,494;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I: the 400 kV simple circuit OHL Iron Gates - (Anina) - Resita – 18,062,307;
- Refurbishing the 220/110 kV substation Iaz – 15,083,341;
- Connecting the 400 kV OHL Isaccea - Varna and the 400 kV OHL Isaccea - Dobrogea in the 400 kV substation Medgidia Sud, stage I: extending the 400 kV substation Medgidia Sud – 12,814,219;
- Upgrading the 400 (220)/110/20 kV substation Munteni – 11,219,976;
- Replacing the 400/400/160MVA 400/231/22 kV ATUS-SF AT 3 of the 400/220 kV substation Iron Gates – 11,054,817;
- Refurbishing the 110 kV substation Medgidia Sud – 9,669,907;

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

- 400 kV mobile bays to connect shunt reactors in the 400 kV substations Bradu & Sibiu Sud – 8,693,179;
- Refurbishing the 220/110 kV substation Craiova Nord – 8,122,286;
- Relocating the 400 kV electric networks at the cross-road with Bucharest Outskirt Motorway: km 0+00 - km 100+900, Lot 2: 69+000 - km 85 +300, of the South Belt; the 400 kV OHL Domnesti - Bucharest South and 400 kV OHL Slatina - Bucharest South – 7,087,947;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – 6,800,076;
- Upgrading the 220/110/20 kV substation Raureni – 4,433,303;
- Installing the 400 MVA, 400/231/22 kV AT2, and related bays in Substation Iernut and upgrading the command control system of the 400/220/110/6 kV Substation Iernut – 3,970,659;
- Refurbishing the 220/110 kV substation Hasdat – 3,065,690;
- SDH communication equipment, the N-E ring – 3,034,821;
- Upgrading the 220/110 kV substation Dumbrava – 2,804,533;
- Consolidating the servers and the data storage network (private cloud) – 2,561,446;
- Refurbishing the 220/110/20 kV substation Baru Mare – 2,453,287;
- Replacing the 16 MVA transformer in Substation Pitesti Sud – 2,210,513;
- Refurbishing the 220/110/20 kV substation Ungheni – 2,066,048;
- Upgrading the 220/110/20 kV substation Vetis - primary equipment – 2,032,012;
- By-passing the 400 kV networks on segment 2, lot 2, situated in Olt County to execute the Craiova-Pitesti express road; the 400 kV simple circuit OHL Slatina-Draganesti Olt – 1,662,688;
- Installing the 250 MVA T3 in the 400/110 kV Substation Sibiu Sud – 1,607,691;
- A3 multifunctional-s – 1,481,472;
- Refurbishing the 400/110/20 kV substation Smardan – 1,386,304;
- Extending the 400 kV substation Cernavoda, stage I+II- replacing 2 shunt reactors, connecting new lines – 1,020,421.

In semester I 2021 the **greatest transfers from tangible assets underway to tangible assets** in sum of 62,740,868 are mainly represented by commissioning the investment objectives, of which the most significant are provided below:

- Replacing the 400/400/160MVA 400/231/22 kV ATUS-SF AT 3 in the 400/220 kV subst. Iron Gates – 13,738,637;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – 10,051,000;
- Refurbishing the 220/110/20 kV substation Ungheni – 9,920,762;
- Replacing autotransformers (AT) and transformers in electric substations, stage 2, step 2, lot 1 - lot 2 – 7,030,831;
- Free up the location and providing the coexistence conditions with the 400 kV installations of CNTEE TRANSELECTRICA SA in villages Letea Veche and Saucesti, Bacau County (execution) – 5,695,650;
- Refurbishing the 220/110 kV substation Iaz – 3,723,888;
- Moving and protecting high voltage (220 kV – 400 kV) networks, the BRASOV-CLUJ-BORS HIGHWAY, SECTION 1C – SIGHISOARA – Tg. Mures, SUBSECTIONS 2 & 3 Tg. Mures-UngheniI-Ogra – 3,045,396;
- Replacing circuit breakers in electric substations – 2,656,588;
- Replacing the 16 MVA transformer in Substation Pitesti Sud – 2,387,237;
- By-passing the 400 kV networks in segment 2, lot 2, situated in Olt County to execute the Craiova-Pitesti express road, the 400 kV simple circuit OHL Slatina-Draganesti Olt – 1,662,688;
- Providing communication way between Substation Resita and the offices of CTSI, UTT Timisoara – 1,458,787;
- Replacing the shunt reactor, Substation Arad – 1,396,486;
- Access road to Substation Fantanele from DJ 134 – 1,065,686;
- Thermal rehabilitation of buildings in the transformer Substation Constanta Nord – 630,300;
- Wi-Fi system of access by one's network and internet – 396,340;
- By-passes and protections for electric networks on the by-passing variant Satu Mare - 220 kV OHL Rosiori - Vetis – 342,145;
- Portable analysers for electricity quality – 254,657;
- Installing Differential Line Protection in Substation Baia Mare 3 – 219,371;
- Installing Differential Line Protection in the 110 kV OHL Jibou bay in 220/110 kV subst. Tihau – 216,148;



## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

---

- IP type office phone sets – 195,620;
- Increasing the safety of installations from the 400/220/110/10 kV Substation Bucharest South - Replacing the 10 kV equipment, Lot II – 182,274;
- Installing and commissioning the Differential Line Protection in the 110 kV Zalau OHL bay in the 220/110/20 kV Substation Salaj – 143,056;
- UPS type DC supply, 2 pc.; 14.5 kW air conditioning units, 2 pc.; air de-humidification unit, 1 pc. – 124,471.

The balance of **tangible assets under execution** on 30 June 2021 amounted to 814,842,147 and is represented by ongoing projects, of which the most significant are provided below:

- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – 204,252,998;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit Iron Gates - (Anina) - Resita – 79,719,107;
- Refurbishing the 400/110/20 kV substation Domnesti – 62,050,855;
- Connecting the 400 kV OHL Isaccea - Varna & Isaccea - Dobrogea OHL in 400 kV substation Medgidia Sud – 54,861,589;
- Connecting to RET the 300 MW WPP Ivesti, 88 MW WPP Falciu 1 and 18 MW WPP Falciu 2 by the new (400)/220/110 kV substation Banca – 46,884,983;
- Refurbishing the 220/110 kV substation Hasdat – 44,104,162;
- Upgrading the 400 (220)/110/20 kV substation Munteni – 21,853,346;
- Refurbishing the 220/110 kV substation Iaz – 21,230,214;
- Upgrading the 220/110/20 kV substation Raureni – 19,687,414;
- Upgrading the 220/110/20 kV substation Arefu – 15,523,834;
- Extending the business continuity and post-disaster recovery services in the Executive branch – 14,413,918;
- 110 kV, 220 kV and 400 kV mobile bays – 14,296,873;
- Upgrading the 220/110 kV substation Dumbrava – 14,079,556;
- Refurbishing the 110 kV substation Medgidia Sud – 13,166,301;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in Substation Iernut and upgrading the command-control system of the 400/220/110/6 kV substation Iernut – 12,668,295;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connect new lines – 12,174,582;
- 400 kV mobile bays to connect shunt reactors in the 400 kV substations Bradu and Sibiu Sud – 11,504,061;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – 10,615,442;
- Refurbishing the 400/110/20 kV substation Smardan – 9,479,256;
- Upgrading the 110 kV and 400 (220 kV) installations in Substation Focsani Vest – 8,599,573;
- Refurbishing the 220/110 kV substation Craiova Nord – 8,122,286;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV substation Resita – 7,386,666;
- Relocating the 400 kV electric networks at the cross-road with Bucharest Outskirt Motorway: km 0+00 - km 100+900, Lot 2: 69+000 - km 85 +300, of the South Belt; the 400 kV OHL Domnesti - Bucharest South and 400 kV OHL Slatina - Bucharest South – 7,087,947;
- The 400 kV OHL Gadalina - Suceava, including its SEN interconnection – 6,043,182;
- 400 kV HVDC Link (Romania - Turkey submarine cable) – 5,853,759;
- Upgrading the 220/110/20 kV substation Vetis - primary equipment – 5,570,802;
- 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 – 5,475,265;
- Upgrading the 220/110/20 kV substation Vetis - primary equipment – 5,384,161;
- Integrated security system in electric substations, stage IV – 4,816,604;
- The 400 kV OHL Suceava - Balti for the project part on Romania's territory – 4,439,120;
- The 400 kV double circuit OHL Gutinas – Smardan – 4,192,080;

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

- The 400 kV simple circuit OHL Oradea Sud - Nadab - Bekescsaba, final stage: segment between towers 1-42 (48) of the 400 kV OHL Oradea Sud – Nadab – 3,823,516;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara - Sacalaz – 3,343,480;
- Adding new function to extend the access control and IT supervision in the objectives of CNTEE Transelectrica SA – 3,200,918;
- Refurbishing the 220/110/20 kV substation Ungheni – 3,109,270;
- SDH communication equipment, the N-E ring – 3,048,261;
- Connecting to RET the 136 MW WPP Platonesti, Ialomita County by providing a 110 kV bay in the 400/110 kV substation Gura Ialomitei – 2,889,337;
- Integrated security system in electric substation, stage III – 2,798,024;
- Refurbishing the 220/110/20 kV substation Baru Mare – 2,688,672;
- By-passing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV substation Ostrovul Mare – 2,578,438;
- Consolidating the servers and data storage networks (private cloud) – 2,561,446;
- Connecting to RET of the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County by building a 110 kV bay in the 220/110 kV substation FAI – 2,545,853;
- The 400 kV OHL Oradea - Beckescsaba – 1,828,775;
- Providing optical fibre communication between Substation Pitesti Sud and the Remote control and installations supervision Centre of UTT Pitesti (FS) – 1,714,424;
- Consolidation, upgrade and extension of the offices of CNTEE Transelectrica, Executive branch – 1,627,393;
- The 220 kV double circuit OHL Ostrovu Mare - RET – 1,574,205;
- A3 multifunctional-s – 1,481,472;
- Replacing circuit breakers in electric substations – 1,433,141;
- The 400 kV substation Stalpu – 1,426,127;
- Integrated security system in the new 400/220/110 kV substation Banca – 1,133,202.

### b) Intangible assets

The balance of **intangible assets under execution** on 30 June 2021, amounting to 5,828,215 is represented by ongoing projects, the most significant of which are provided below:

- Implementing an Electronic Archive and Document Management system in CNTEE Transelectrica SA – 5,474,290;
- Extending the business continuity and post-disaster recovery services in the Executive branch – 351,208.

### c) Financial assets

They comprise the net value of shares the Company holds in sum of 81,742,973 on 30 June 2021 and of 81,742,973 on 31 December 2020.

### d) Assets related to the usage right of leased assets – buildings

Such assets represent the utilization right of spaces the Company rented in the Platinum Office Building, according to the provisions of IFRS 16, Leasing Contracts.

Beginning with 01.10.2020 the new lease contract (C232/2020 concluded with Dagesh Rom SRL) became effective, valid for 5 years, amounting to 9,000,000 Euro (VAT free).

On 30 June 2021 the accounting value of the usage right for spaces the Company rented in Platinum Office Building was 33,797,018.

Under this contract the Company pays a 16.67 Euro/m<sup>2</sup> (VAT free) quantum to rent the office spaces, providing an annual value of about 1.8 mil Euros.

## 5. Trade and other receivables

On 30 June 2021 and 31 December 2020 trade receivables :

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	<b>30 June 2021</b>	<b>31 December 2020</b>
Trade receivables	941,636,808	849,268,696
Other receivables	126,234,278	111,446,214
Down payments to suppliers	50,244,278	44,849,824
VAT to recover	78,799,753	33,960,938
Impairment allowances to depreciate doubtful receivables	(134,287,805)	(134,733,880)
Impairment allowances to depreciate other doubtful receivables	(56,444,945)	(56,855,137)
<b>Total trade and other receivables</b>	<b>1,006,182,367</b>	<b>847,936,655</b>

The structure of trade receivables is the following:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Clients on the electricity market, of whom:	938,586,199	847,744,023
- <i>Clients - operational activities</i>	503,156,920	474,769,650
- <i>Clients - balancing market</i>	262,113,494	177,925,277
- <i>Clients - bonus type support scheme to promote high efficiency cogeneration</i>	173,315,785	195,049,096
Clients from other activities	3,050,609	1,524,673
<b>Total trade receivables</b>	<b>941,636,808</b>	<b>849,268,696</b>

- CNTEE Transelectrica SA performs its operational activities under the Operational Licence 161/2000 issued by ANRE, updated under Decision 571/08.04.2020 of ANRE President to provide electricity transmission services, system services and balancing market administration.

On 30 June 2021 clients on balance from operational activities and the balancing market registered increase compared to 31 December 2020, mainly determined by higher volume of transactions on the balancing market in quarter II 2021 compared to QIV of 2020, determining growth of receivables on balance on 30 June 2021 compared to 31 December 2020.

The main clients in the total trade receivables are represented by: Ciga Energy SA, MAVIR, Electrica Furnizare SA, RAAN, OPCOM, Cinta Energy SA, E.ON Energy Romania SA, Getica 95 COM SRL, CEZ Vanzare SA, and Tinmar Energy SA. Their share is 57.11% in the total trade receivables.

- CNTEE Transelectrica SA performs activities under the bonus type support scheme to promote high efficiency cogeneration as administrator of the support scheme, in accordance with the provisions of HGR 1215/2009, with later amendments and additions, *“the main attributions being to collect monthly the cogeneration contribution and pay bonuses every month”*.

On 30 June 2021 the Company registered collectable receivables under the bonus type support scheme to promote high efficiency cogeneration of about 18% (31 December 2020: 23%) of the total trade receivables.

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

On 30 June 2021 the Company registered receivables to collect in sum of 173,315,785 represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation in sum of 76,702,140 from RAAN – 63,467,054 and CET Govora SA – 13,235,086;
- 2014 undue bonus in sum of 3,914,960 from RAAN – 1,981,235 and CET Govora – 1,933,725;
- 2015 undue bonus in sum of 563,899 from CET Govora – 534,377 and Interagro – 29,523;
- 2020 undue bonus amounting to 522,181 from Donau Chem;
- Cogeneration contribution not cashed from the suppliers of electricity consumers amounting to 21,162,364 from: Transenergo Com – 5,882,073; Petprod – 4,391,193; Romenergy Industry – 2,680,620; RAAN – 2,385,922; UGM Energy – 1,504,046; CET Govora – 900,864; KDF Energy – 887,527 and others;

Until the date of this financial report the Company collected the receivables related to overcompensated activities under the 2020 support scheme (sum of 16,474,649) from Electrocentrale Bucharest, and 11,729,519 of the undue bonus amounting to 12,251,700 established under ANRE Decisions of 2021 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 Bucharest, Prefab, Soceram SA and Termoficare Oradea.

To extinguish 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 that did not agree with this manner to extinguish mutual receivables and liabilities (RAAN, and CET Govora) the Company has applied and further applies the

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

provisions of article 17 para 5 from Order 116/2013 of ANRE president approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for the electricity generated under high efficiency cogeneration: *“in case the generator did not make the payment in full to the support scheme administrator for its payment obligations resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment obligations under the support scheme, with explicit mention of the respective amounts on the payment document”* and withheld from payment the due amounts under the respective support scheme.

- On the docket of Mehedinti Tribunal, Section II Civil of Administrative & Fiscal Disputes file 9089/101/2013/a140 was registered pertaining to “claims in amount of 86,513,431”, where the Company is claimant and the **Autonomous Authority for Nuclear Activities – RAAN** is defendant.

The law court summons filed by Transelectrica SA requested the instance to compel defendant RAAN to pay 86,513,431.

On 19.05.2016 Mehedinti Tribunal, Section II Civil of Administrative & Fiscal Disputes pronounced hearing conclusion and ordered as follows: “In accordance with article 413 pt. 1 Civil Procedure Code decides suspending the case until settlement of file 3014/2/2014 found on the docket of the High Court for Cassation and Justice. Appeal right is valid during the entire suspension term; pronounced on 19 May 2016 at public hearing”; hearing term on 06.06.2019. Mention should be made file 3014/2/2014 on the docket of the High Court for Cassation and Justice pertained to appeal in order to cancel ANRE Decision 743/28.03.2014, the parties being RAAN (claimant) and ANRE (defendant).

Mention should be also made that the hearing conclusion of 18.09.2013 issued by Mehedinti Tribunal under file 9089/101/2013 pronounced opening the general insolvency procedure against debtor Autonomous Authority for Nuclear Activities RA (RAAN).

Ruling 387/20.03.2014 of Mehedinti Tribunal confirmed the reorganisation plan of debtor Autonomous Authority for Nuclear Activities, proposed by the judiciary administrator Tudor&Asociatii SPRL and voted by the General Assembly of Creditors according to the minutes of 28.02.2014.

In the intermediate ruling 10/28.01.2016 pronounced by Mehedinti Tribunal, Section II Civil of Administrative & Fiscal Disputes, the syndic judge decided initiating the debtor’s bankruptcy procedure based on article 107 para 1 let. C of Law 85/2006, as well as breaking up the debtor and cancelling its administration right.

Ruling 563/14.06.2016 of the Appeal Court Craiova, Section II Civil denied the appeals filed against the intermediate ruling 10/28.01.2016, pronounced by Mehedinti Tribunal, Section II Civil of Administrative & Fiscal Disputes.

Ruling 563/14.06.2016 of the Appeal Court Craiova, Section II Civil denied the appeals filed against the intermediate ruling 10/28.01.2016, pronounced by Mehedinti Tribunal, Section II Civil of Administrative & Fiscal Disputes.

Once submitting the receivable statement under RAAN’s bankruptcy procedure Transelectrica SA can resort to the provisions of article 52 from Law 85/2006, applicable to RAAN’s bankruptcy procedure, provisions resumed in article 90 of Law 85/2014 on the creditor’s right to invoke compensation for its receivables with its debtor’s to it, whenever the law-provided conditions for legal compensation are complied with on the procedure opening date. Transelectrica SA was recorded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor’s uninterrupted activity, the actual amount the Company requested being 89,360,986 Lei, but 78,096,208.76 Lei were not registered in the preliminary receivable table because “such sum was not recorded as owed liability in RAAN’s accounting books”. Moreover the judiciary liquidator considered the request to record 78,096,209 Lei was made late since it pertained to 2011 – 2013, for which reason the receivable statement should have been submitted when the insolvency procedure began, namely on 18.09.2013.

In consequence of registering only a part from the total amount requested by Transelectrica in quantum of 89,360,986.06 Lei and of letter 4162/03.10.2016, whereby the judiciary liquidator informed us only the sum of 11,264,777.30 Lei was recorded in the additional table of receivables resulting from continued debtor activities, while 78,096,208.76 Lei were denied. Contestation was submitted to the Additional receivables table within the legal term.

On the 14.02.2019 hearing term Mehedinti Tribunal decided joining file 9089/101/2013/a152 to file 9089/101/2013/a140 (pertaining to payment request). File judgment was deferred because the court deemed it useful for settlement to have ruling 2969/26.09.2018 submitted, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE President.

Mehedinti Tribunal decided as follows: “It admits the exception of decline. It partly admits the main issue and associated contestation. It compels defendant RAAN to pay to claimant Transelectrica the amount of 16,950,117.14 Lei accrued during the procedure, judging to record it in the creditors’ table constituted against debtor RAAN by this sum. The other associated demands are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right is granted. It was pronounced on 20.06.2019 at public hearing”. Document: Ruling 163/2019 / 20.06.2019.

Transelectrica filed appeal within the legal term. The Appeal Court Craiova established the first hearing term on 30.10.2019;

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

the appeal was denied as groundless. Transelectrica filed review request for contrary rulings, registered under file 1711/54/2019, with hearing term on 25.03.2020 to the Appeal Court Craiova, which was supposed to refer the file to the High Court of Cassation and Justice for competent settlement.

Under the bankruptcy file 9089/101/2013 Mehedinti Tribunal established the term on 26.03.2020 to continue the procedure. In accordance with article 63 para 11 of Decree 240/2020, the file was lawfully suspended.

When the emergency state ended and law courts resumed their activity on the 08.10.2020 hearing term the instance set a term to continue liquidation procedures, represent the debtor's interests in the disputes on the dockets of law courts, consolidate the receivables' amount, continue measures to recover receivables and public auctions to capitalise the debtor's assets, setting the next hearing term on 04.02.2021.

On the 04.02.2021 term the settlement in brief was as follows: a term was granted on 3 June 2021, 11:00 h, to continue the procedure, assess the entire patrimonial inventories, execute sale regulations, sell the assets and collect the receivables.

On 03.06.2021 a new term was granted to carry out liquidation, assets capitalisation and collection of receivables, namely **14.10.2021**.

- CNTEE Transelectrica SA concluded with CET Govora SA an agreement to compensate and spread out the payment of amounts representing receivables from the 2011-2013 overcompensation and the 2014 undue bonus (Agreement C 135/30.06.2015 and Addendum 1/04.08.2015). The Agreement term was about 1 year (July 2015-August 2016) and it provided the Company's right to calculate and cash penalties during payment spread-out. In accordance with such Agreement the Company's receivables collectable from CET Govora SA were compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – October 2015 amounting to 40,507,669, withheld by applying the provisions of article 17 para 5 of ANRE President's Order 116/2013 and the Agreement provisions. Since ANRE Decision 738/28.03.2014 was suspended by court civil ruling 3185/27.11.2015, which had determined the 2011-2013 overcompensation, CET Govora SA has no longer complied with the Agreement terms.

Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. In view of recovering the receivables accrued before opening the insolvency procedure the Company followed the specific procedures specified by the Insolvency Law 85/2014 and requested the court to admit its receivables, as per legal provisions. Taking into account the above, beginning with 9 May 2016 the Company ceased applying the provisions of article 17.5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for electricity generated by high efficiency cogeneration and paid monthly the cogeneration bonus to CET Govora.

Civil ruling 2430/05.10.2016 of the High Court of Cassation and Justice admitted the appeal filed by ANRE against civil ruling 3185/27.11.2015, partly cancelled the sentence appealed against and denied the suspension request of CET Govora, such decision being final. Thus beginning with 05.10.2016 the effects of ANRE Decision 738/28.03.2014 are no longer suspended, bearing full effects.

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order 116/ 2013 for mutual receivables and liabilities occurred after the insolvency procedure, meaning withholding the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company. Transelectrica was registered in the Preliminary and final receivables table with total amount of 28,200,440.31, of which 25,557,189.98 relates to the support scheme. As regards the receivable amounting to 21,962,243.71 Lei representing principal and penalties related to invoice 8116/08.04.2016, it is registered under the suspensive condition of pronouncement of a final juridical decision in favour of ANRE under file 2428/2/2014 on the docket of the Appeal Court Bucharest, pertaining to cancelling ANRE decision 738/28.03.2014.

On the 18.07.2018 term Valcea Tribunal pronounced the following settlement:

- It confirmed the reorganisation plan of SC CET Govora SA proposed by the judiciary administrator EURO INSOL SPRL, submitted on 25 May 2018 to the file and printed in the Bulletin of Insolvency Procedures 11924 of 13 June 2018;
- It denied the contestations submitted by creditors: Energy Complex Oltenia SA, SNTFM CFR Marfa SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternative SRL and Solar Electric Curtisoara SRL;
- It set the substance term to continue the procedure on 8 October 2018;

Appeal right was granted within 7 days from notification, to be performed by means of the Bulletin of Insolvency Procedures; pronounced at public hearing of 18 July 2018. Document: Ruling: 1196/18.07.2018.

Ruling 766/03.12.2018 of the Appeal Court Pitesti cancelled the amount of 28,013,984.83 representing a liability the Company registered in the Creditors' Table (File 1396/90/2016).

Under such circumstances the Company included the amount of 22,188,224.16 from the support scheme in the sundry debtors' account, which is analytically distinct - ANRE, and impacts the net position of the support scheme.

In accordance with pt. 11 of HG 925/2016 amending and adding HG 1.215/2009 establishing the criteria and conditions

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

necessary to implement the support scheme to promote high efficiency cogeneration based on the useful heat demand, ANRE is going to elaborate the regulatory framework for the financial closure of this scheme.

The amount of 22,188,224.16 represents receivable payable by CET Govora under the support scheme, in sum of 25,557,189.98, corrected with the bonus amounting to 3,368,965.82 the Company withheld according to article 17 para 5 from Order 116/2013 of ANRE President.

In accordance with the provisions of Governmental Decision 925/2016 with later amendments and additions, the Company has not registered allowance expenses for clients under the support scheme; the unrecovered amount of such receivables will be included in the cogeneration contribution.

### ***Other receivables***

On 30 June 2021 other receivables amounting to 126,234,278 included in the main:

- Sundry debtors (84,644,279), of which:
  - Delay penalties calculated to defaulting clients amounted to 73,019,453 (of which 35,351,960 represent penalties under the support scheme). The greatest delay penalties were registered by the following clients: RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale Bucharest (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,655), Romelectro (5,953,633), Total Electric Oltenia (3,288,967), and OPCOM (1,975,966). Impairment allowances were calculated for late payment of receivables from operational activities;
  - Compensations owed by suppliers for their non-delivery of electricity: Arelco Power (987,555) and Enol Group (2,541,312). Impairment allowances were recorded for compensations owed by suppliers from operational activities;
  - Receivable to cash from OPCOM representing VAT for the contribution in kind to the subsidiary's capital in sum of 4,517,460;
- Deferred expenses amounting to 7,172,759 mainly represented by: international ENTSO-E subscription (2,823,396) for 2021; annual ANRE contribution (1,831,840) of 2021; rent and maintenance of office building (738,795); down payments under contracts concluded with suppliers of electricity necessary to cover one's technological consumption in future periods (33,000); RCA & CASCO policies, and others;
- Other non-current receivables amounting to 4,258,181, of which 4,199,505 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 in view of achieving the 400 kV OHL Resita – Panchevo (Serbia) investment project;
- Other social receivables amounting to 4,789,461 represented medical leaves of absence the employer paid to employees, which will be recovered from the National Health Insurance House, according to applicable legislation.

### ***Down payments to suppliers***

- On 30 June 2021 down payments paid to suppliers were represented by debtor suppliers for provisions of services amounting to 50,244,278 and mainly represented sums under the price-coupling mechanism (4MMC & SIDC). This price coupling mechanism was applied beginning with 19 November 2014, date when the '4 Markets Market Coupling' project providing connection of the day-ahead electricity markets (DAM) from Romania, Hungary, Czech Republic and Slovakia became operational. Such price coupling mechanism of day-ahead markets means the electricity exchanges correlate the electricity transactions for the following day based on bids, taking into account the interconnection capacity made available by the TSO, whereby it is implicitly allocated. CNTEE Transelectrica SA as TSO transfers electricity both in physical and commercial terms to the neighbouring TSO (MAVIR, Hungary) and manages the congestion revenues on the respective interconnection (article 139 from ANRE Order 82/2014), and in relation to OPCOM SA it is Implicit Participant to the Day-Ahead Market.

In capacity of Transfer Agent and Implicit Participant CNTEE Transelectrica SA has the commercial task to settle the electricity transacted between OPCOM SA and MAVIR.

- On 19 November 2019 the 2<sup>nd</sup> wave was launched under the single European intraday markets coupling (SIDC – *Single Intraday Coupling*), with first deliveries on 20 November. Seven countries: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia joined the fourteen countries: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, the Netherlands, Portugal, Spain and Sweden that have been already operated under coupled regime since June 2018.

The single intraday markets coupling mechanism provides uninterrupted harmonisation of sale and purchase offers from

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

market participants of a bidding zone with the sale and purchase offers within their own bidding zone and from any other bidding zone where cross-border capacity is available.

In capacity of Transfer Agent CNTEE Transelectrica SA has the commercial task to settle the electricity transacted between OPCOM SA, MAVIR and IBEX.

### VAT to recover

On 30 June 2021 VAT to recover amounted to 78,799,753.

On 02.07.2021 the Company cashed 28,214,841 representing recoverable VAT and the value difference will be collected in the following period.

### Impairment allowances for trade receivables, doubtful trade receivables and other doubtful receivables

Transelectrica's consists in recording 100% impairment allowances for value losses for clients under disputes, insolvency and bankruptcy and 100% of trade receivables and other receivables not collected within 180 days, except for outstanding receivables generated by the support scheme. Also the Company makes individual analysis of trade receivables and other uncollected receivables.

The greatest impairment allowances on 30 June 2021 calculated for trade receivables and associated penalties were registered for CET Govora (24,994,987), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Opcom (6,276,563), and CET Brasov (4,664,627).

The Company took the following steps to recover such receivables adjusted for depreciation: court proceedings, registration in the creditors' table, requesting explanations from ANAF (for the VAT amount to be cashed from Opcom) etc.

## 6. Other financial assets

They include bank deposits with initial maturity beyond 90 days.

On 30 June 2021 no bank deposits are constituted with initial maturity above 90 days.

	<u>30 June 2021</u>	<u>31 December 2020</u>
Bank deposits with maturity above 90 days	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

## 7. Cash and cash equivalents

It includes cash balances, demand-funds and deposits with initial maturities within 90 days from constitution date, which have insignificant exposure to the risk of having their fair value modified, the Company using them to manage non-current commitments.

On 30 June 2021 and 31 December 2020 cash and cash equivalents were as follows:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Current accounts in banks and deposits, of which:	<b>461,173,880</b>	<b>553,911,833</b>
a) Bank current accounts and deposits from current activities	292,204,549	283,219,064
b) Bank current accounts and deposits, of which restricted cash:	168,969,331	270,692,769
- Cash and deposits from high efficiency cogeneration	45,951,767	120,579,656
- Cash from revenues from the allocation of interconnection capacities, used for network investments	31,924,039	103,175,219
- Cash from the connection fee	31,199,124	17,811,107
- European funds	41,593,250	12,073,753
- Others (securities from the electricity market and dividends)	18,301,151	17,053,034
Cash desk	<b>115,795</b>	<b>91,695</b>
Other cash equivalents	<b>43,455</b>	-
<b>Total</b>	<b>461,333,130</b>	<b>554,003,528</b>

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

Bank deposits with initial maturity below 90 days, constituted from monetary availabilities of current accounts amounted to 176,593,330 on 30 June 2021 and to 266,292,161 on 31 December 2020.

### 8. Shareholders' equities

In accordance with the provisions of OUG 86/2014 establishing reorganisation measures for public central administration and amending and adding certain norms, on 20 February 2015 the Company's Shareholder Register recorded the transfer of 43,020,309 shares from the Romanian State's account managed by the Secretariat General of the Government into the Romanian State's account managed by the Ministry of Economy, Trade and Tourism.

In accordance with the provisions of article 2 from OUG 55/19 establishing reorganisation measures for public central administration and amending and adding certain norms, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established by reorganising and taking over the activities of the Ministry of Economy, Trade and Tourism that was cancelled while also taking over the activities and structures in the SME domain from the Ministry of Energy, Small & Medium Sized Enterprises and Business Environment.

In accordance with Governmental Emergency Ordinance (OUG) 68/2019 establishing some measures for public central administration and amending and adding certain norms, published in Romania's Official Gazette 898/06.11.2019, beginning with 6 November 2019 the Secretariat General of Government exercise the rights and fulfil the obligations ensuing from the state shareholder capacity for the National Power Grid Company Transelectrica SA.

On 14.11.2019 the Central Depository SA registered the transfer of 43,020,309 shares (representing 58.69% of the share capital) issued by CNTEE Transelectrica SA from the Romanian State's account through the Ministry of Economy into the Romanian State's account represented by the Government through the Secretariat General of Government, in consequence of applying the provisions of Governmental Emergency Ordinance 68/06.11.2019 establishing some measures for public central administration and amending and adding certain norms.

On 30 June 2021 the shareholders of CNTEE Transelectrica SA were: the Romanian State represented by the Secretariat General of Government that holds 43,020,309 shares (58.69%), NN Group NV holding 4,007,688 shares (5.47%), PAVAL HOLDING having 4,753,567 shares (6.49%), other legal person shareholders holding 16,208,815 shares (22.11%) and other natural person shareholders holding 5,312,763 shares (7.24%).

At the end of each reporting period the Company's share capital subscribed and fully paid amounting to 733,031,420 is divided into 73,303,142 ordinary shares of 10 Lei/share nominal value each and it corresponds to the one recorded with the Office of the Trade Register.

The shareholder structure on 30 June 2021 and 31 December 2020 was the following:

Acționar	30 June 2021		31 December 2020	
	Number of shares	% of share capital	Number of shares	% of share capital
Romanian State through SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,208,815	22.11%	16,305,068	22.24%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,312,763	7.24%	5,216,510	7.11%
<b>Total</b>	<b>73,303,142</b>	<b>100.00%</b>	<b>73,303,142</b>	<b>100.00%</b>

The higher shareholders' equities on 30 June 2021 compared to 31 December 2020 was mainly determined by the registration of net profit amounting to 104,370,947 achieved on 30 June 2021 into retained earnings.

### 9. Deferred revenues

They are mainly represented by: connection fee; other investment subsidies; non-refundable European funds cashed from the Ministry of European Funds, and revenues from the utilisation of interconnection capacities.

On 30 June 2021 the **deferred revenues** statement was the following:



**CNTEE Tranelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	<b>30 June 2021</b>	<b>Of which: Current portion on 30.06.2021</b>	<b>31 December 2020</b>	<b>Of which: Current portion on 31.12.2020</b>
Deferred revenues – interconnection capacity allocation	2,364,449	2,364,449	2,673,159	2,673,159
Deferred revenues – European funds	1,870,248	1,870,248	1,410,938	1,410,938
Funds from connection fees	258,744,533	14,459,828	258,086,562	16,999,239
European funds	128,264,550	6,300,360	92,135,137	6,947,974
Other subsidies	26,194,824	904,165	26,576,078	821,926
<b>Total</b>	<b>417,438,604</b>	<b>25,899,050</b>	<b>380,881,874</b>	<b>28,853,237</b>

The development of **current deferred revenues** in January - June 2021 was the following:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Balance at the beginning of the period	28,853,237	37,209,745
Deferred revenues from the interconnection capacity	15,407,266	53,932,210
Proceeds from European funds	459,309	311,139
Transfer from non-current deferred revenues	(3,104,786)	(3,929,590)
Revenues from the use of interconnection capacity	(15,715,976)	(57,015,831)
Revenues from European funds	-	(1,654,436)
<b>Total</b>	<b>25,899,050</b>	<b>28,853,237</b>

The development of **non-current deferred revenues** in January - June 2021 was the following:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Balance at the beginning of the period	352,028,637	360,641,212
Connection subsidies	(1,944,123)	6,673,474
Non-reimbursable funds	-	(33,388)
Non-reimbursable funds to repay	-	-
Transfer into current deferred revenues	52,383,874	7,393,324
Subsidies resumed into revenues	(10,928,834)	(22,645,985)
<b>Total</b>	<b>391,539,554</b>	<b>352,028,637</b>

**10. Borrowings**● *Non-current loans*

On 30 June 2021 the value of non-current loans diminished in comparison with 31 December 2020, mainly because of repayments made according to existent loan agreements.

In January - June 2021 there were no loan drawings.

Loan movements in the six months' period ended on 30 June 2021 were as follows:

	<b>Hard currency</b>	<b>Interest rate</b>	<b>Accounting value</b>	<b>Due date</b>
<b>Balance on 1 January 2021</b>			<b>125,151,210</b>	
<b>New drawings</b>			-	
<b>Repayments, of which:</b>			<b>(11,813,354)</b>	
EIB 25709	EUR	3.596%	(5,867,453)	10-Sep-2025
EIB 25710	EUR	3.856%+2.847%	(5,945,901)	11-Apr-2028

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	Hard currency	Interest rate	Accounting value	Due date
<b>Exchange rate differences on repayment date</b>			<b>1,407,935</b>	
<b>Balance on 30 June 2021</b>			<b>114,745,791</b>	

On 30 June 2021 and 31 December 2020 the balances of non-current loans contracted from credit institutions were as follows:

Description	30 June 2021	31 December 2020
EIB 25709	53,372,584	58,613,148
EIB 25710	61,373,207	66,538,062
<b>Total non-current loans from credit institutions, of which:</b>	<b>114,745,791</b>	<b>125,151,210</b>
<b>Current portion of non-current loans</b>	<b>(23,756,239)</b>	<b>(23,479,941)</b>
<b>Total non-current loans, net of current instalments</b>	<b>90,989,552</b>	<b>101,671,269</b>

The non-current portion of loans will be returned as follows:

	30 June 2021	31 December 2020
From 1 to 2 years	23,756,239	23,479,941
From 2 to 5 years	65,338,429	70,439,826
Beyond 5 years	1,894,884	7,751,501
<b>Total</b>	<b>90,989,552</b>	<b>101,671,268</b>

The Company has not applied hedging against risks associated to its liabilities in foreign currency or to its exposure to interest rate risks.

All non-current loans, contracts EIB 25709 and EIB 25710 bear fixed interest.

- *Current loans*

They are detailed as follows:

	30 June 2021	31 December 2020
Current portion of non-current loans	23,756,239	23,479,941
Interest rates associated to current & non-current loans	1,114,526	1,229,864
Account overdraft for high efficiency cogeneration activities	-	-
<b>Total current loans</b>	<b>24,870,765</b>	<b>24,709,805</b>

- *Loans contracted for current activities*

On 12.03.2020 Transelectrica concluded the credit contract C52 as account overdraft with Banca Transylvania for 12 months in order to finance the bonus type support scheme for high efficiency cogeneration, amounting to 175,000,000 with interest rate calculated depending on the reference rate ROBOR 1M, which is added 0.35% negative margin. In case the reference rate ROBOR 1M is below 0.35%, the interest rate applied is 0%.

The credit line has been secured by means of:

- Chattel mortgage on the bank account opened with the bank;
- Chattel mortgage on the receivables resulting from contracts on the contribution for high efficiency cogeneration concluded with CEZ Vanzare SA, E.ON Energy Romania SA, Enel Energy SA, SC Tinmar Energy SA, and Enel Energy Muntenia SA.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

The contract ended on 11.03.2021.

On 02.04.2021 Transelectrica concluded the credit contract C86 as account overdraft with UniCredit Bank for 12 months with a view to finance the bonus type support scheme for high efficiency cogeneration, amounting to 175,000,000 with interest rate calculated depending on the reference rate ROBOR 1M, which is added 0% margin.

The credit line has been secured by means of:

- Chattel mortgage on the bank account opened with the bank;
- Chattel mortgage on the receivables resulting from contracts on the contribution for high efficiency cogeneration concluded with Electrica Furnizare SA, Enel Energy SA, CEZ Vanzare SA, Getica 95 Com SRL, and Enel Energy Muntenia SA.

On 30 June 2021 the credit line has not been used.

### 11. Trade and other liabilities

On 30 June 2021 and 31 December 2020 trade and other liabilities were as follows:

	30 June 2021	31 December 2020
Suppliers on the electricity market	497,878,108	468,110,907
Suppliers of assets	147,143,147	112,384,086
Suppliers from other activities	29,507,085	30,539,187
Amounts owed to employees	7,621,483	9,364,190
Other liabilities	377,447,731	305,527,391
<b>Total</b>	<b>1,059,597,554</b>	<b>925,925,761</b>

On 30 June 2021 and 31 December 2020 liabilities on balance on the electricity market amounted to 497,878,108, namely to 468,110,907 and were structured as follows:

	30 June 2021	31 December 2020
Suppliers on the electricity market, of whom:		
- Suppliers - operational activities	211,503,269	178,658,686
- Suppliers - balancing market	213,464,437	140,354,564
- Suppliers - bonus type support scheme to promote high efficiency cogeneration	72,910,402	149,097,657
<b>Total</b>	<b>497,878,108</b>	<b>468,110,907</b>

“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.

The higher balance of liabilities associated to operational activities was mainly determined by paying in quarter II of 2021 the payment liabilities found on balance on the electricity market on 30 June 2021.

The higher liabilities balance from the balancing market was determined by paying the payment liabilities on balance on the electricity market on 30 June 2021 on their due date in July 2021.

Lower liabilities under the support scheme to suppliers (generators) was mainly determined by payment the due bonus to RAAN, which has been withheld for compensation and by lower monthly bonus for high efficiency cogeneration in quarter II of 2021 compared to quarter IV of 2020.

On 30 June 2021 payment liabilities were registered to suppliers (generators) amounting to 35,549,294 (RAAN – 32,180,328 and CET Govora SA – 3,368,966), representing the monthly cogeneration bonus; 2014 and 2015 ante-overcompensation ; unpaid bonus in 2015. The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld for payment according to article 17 para 5 of Order 116/2013 of ANRE president, because suppliers (producers) register payment liabilities to the Company under the bonus type support scheme.

The Company requested the suppliers (generators) that did not pay the overcompensation invoices the agreement to

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

compensate mutual liabilities at their minimum level by means of the Institute of Management and Informatics (IMI), which is uniformly managing all information received from tax-payers according to HG 685/1999.

Generators RAAN and CET Govora did not agree with this manner of extinguishing mutual receivables and liabilities, therefore the Company has applied and further applies article 17 para 5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for electricity generated under high efficiency cogeneration: “in case the generator did not make the payment in full to the support scheme administrator for its payment obligations resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment obligations under the support scheme, with explicit mention of the respective amounts on the payment document” and withheld from payment the due amounts under the respective support scheme.

CNTEE Transelectrica SA concluded with CET Govora SA an agreement to compensate and spread out the payment of amounts representing receivables from the 2011-2013 overcompensation and the 2014 undue bonus (Agreement C 135/30.06.2015 and Addendum 1/04.08.2015). The Agreement term was about 1 year (July 2015-August 2016) and it provided the Company’s right to calculate and cash penalties during payment spread-out.

In accordance with such Agreement the Company’s receivables collectable from CET Govora SA were compensated with its liabilities to CET Govora SA, represented by cogeneration bonus for May 2014 – October 2015 amounting to 40,507,669, withheld by applying the provisions of article 17 para 5 from Order 116/2013 of ANRE President and the Agreement provisions.

Since ANRE Decision 738/28.03.2014 was suspended by court civil judgment 3185/27.11.2015, which had determined the 2011-2013 overcompensation, CET Govora SA has no longer complied with the Agreement terms. Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. Taking into account the provisions of the Insolvency Law 85/2014 the Company ceased, beginning with 9 May 2016, to apply the provisions of article 17.5 from 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 pays monthly the cogeneration bonus owed to CET Govora.

Civil ruling 2430/05.10.2016 of the High Court of Cassation and Justice admitted the appeal filed by ANRE against civil ruling 3185/27.11.2015, partly cancelled the sentence appealed against and denied the suspension request of CET Govora, such decision being final. Thus beginning with 05.10.2016 the effects of ANRE Decision 738/28.03.2014 are no longer suspended, bearing full effects.

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order 116 / 2013 for mutual receivables and liabilities accrued after the insolvency procedure, meaning withholding the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company.

The higher balance of “asset suppliers” on 30 June 2021 against 31 December 2020 was mainly owed to higher volume of investments, namely the contracts in progress invoiced by such asset suppliers.

Liabilities to the “suppliers of other activities” are represented in the main by liabilities related to services provided by third parties, which have not reached due date, but such liabilities decreased in comparison with 31 December 2020.

On 30 June 2021 the Company does not register outstanding liabilities to suppliers, the state budget or local institutions.

The structure of liabilities recorded under “**other liabilities**” was the following:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Sundry creditors	143,767,113	162,823,402
Client - creditors	102,834,131	66,357,754
Dividends to pay	63,949,913	191,175
Liabilities - Building leasing, short term	7,897,800	7,416,569
Liabilities - Building leasing, long term	25,667,852	30,531,904
Other liabilities	33,330,922	38,206,587
<b>Total</b>	<b>377,447,731</b>	<b>305,527,391</b>

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

- “Sundry creditors” amounted to 143,767,113 on 30 June 2021 and mainly represent:
    - The net position of the support scheme for high efficiency cogeneration, a liability position that amounted to 139,631,617.
- The net position of the support scheme is the difference between:
- The value of the contribution to be collected from the suppliers of electricity consumers, the overcompensation value of electricity and heat generation under high efficiency cogeneration, the undue bonus to be collected from generators according to ANRE decisions, on the one hand, and
  - The value of the cogeneration bonus, the ex-ante overcompensation and the unpaid bonus payable to electricity generators under high efficiency cogeneration that are beneficiaries of the support scheme, on the other hand;
- 1,301,897 studies for synchronous interconnection of power systems from Ukraine and Republic Moldova with the European continental system; royalty 1,097,678 in Q2; contracts of studies 893,986; bid participation bonds- 239,313 and others.
- “Client creditors” on 30 June 2021 amounted to 102,834,131, of which 102,442,237 represent deferred collected amounts from MAVIR (59,870,918), OPCOM (41,340,406) and IBEX (1,230,913) under transactions from the 4MMC (4M Market Coupling) price-coupling mechanisms and SIDC (Single Intraday Coupling).
  - On 30 June 2021 dividends owed to Company shareholders still unpaid amounted to 63,949,913. Such amounts are at the shareholders’ disposal by means of the payment agent.
- On 30 June 2021 the **liability for assets related to leased assets - buildings**, according to the provisions of IFRS 16, Leasing Contracts amounted to 33,565,652, of which:
    - Current liability: 7,897,800;
    - Non-current liability: 25,667,852;
- Other liabilities amounting to 33,330,922 are mainly represented by performance bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA in sum of 18,759,381 of non-requested VAT amounting to 14,347,622 during the reporting period, and others.

## Provisions

On 30 June 2021 and 31 December 2020 provisions were as follows:

	<b>30 June 2021</b>	<b>31 December 2020</b>
Provisions for disputes	46,017,306	50,441,491
Provisions for mandate contracts	23,941,005	33,232,691
Other provisions	127,697	7,890,176
<b>TOTAL</b>	<b>70,086,008</b>	<b>91,564,358</b>

**Provisions for disputes** on balance on 30.06.2021 amounted to 46,017,306 and are mainly represented by provisions constituted for the following disputes:

- *File 36755/3/2018, claimant- Conaid Company SRL (17,216,093)*

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil a new suing request was filed by Conaid Company SRL under file 36755/3/2018, by which the claimant requested the court to compel Transelectrica SA to “repair the prejudice caused to the claimant as a result of the defendant’s culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100,000 Euro... taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant’s obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms”.

It was deferred to provide the expertise evidence, with term established on 21.01.2020. On the same date the case was deferred in order to make the expertise, and a new term was set on 31.03.2020. The settlement in brief on the 31.03.2020 term: it was lawfully suspended according to article 42 para 6 from Decree 195/2020 of Romania’s president instituting the emergency state on Romanian territory, during the entire emergency period. TERM: 13.10.2020. On this term the decision was to draw up an expertise report and the term was established on 08.12.2020 to provide the expertise evidence. On the 08.12.2020 term the law

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

court deferred the case to have the expertise report completed and set a new term on **14.09.2021**.

- *Files 105/2/2017 and 2494/115/2018\* (10,648,829) - claimant Resita City*

Through its summons the claimant requests that the defendant CNTEE Transelectrica SA should be compelled to pay the following amounts:

- 2,129,765.86 lei, Lei representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 Lei, representing land rent for 2016;
- 2,129,765.86 Lei, representing land rent for 2018;
- 2,129,765.86 Lei, representing land rent for 2019;
- 2,129,765.86 Lei, representing land rent for 2020;
- Legal penalty interest from due date until actual payment;
- Law court expenses;

On the 16.11.2020 the law court deferred the case and granted time to study the writs submitted to the file by the representative of CNTEE Transelectrica SA. On the ... term the court decided as follows: It suspended judging the summons filed by claimant Resita City by the Mayor, in contradiction with defendant National Power Grid Company Transelectrica SA pertaining to claims in accordance with article 413 para (1) pt. 1 Civil Procedural Code. Appeal right was granted during the file judgment suspension, to the higher court. It was pronounced on 22 March 2021 at public hearing; Document: Conclusion - Suspension **22.03.2021**.

- *File 2434/115/2018\* - claimant National Forests Authority Romsilva, Forestry Directorate Caras Severin (2,737,907)*

The file was re-registered on the docket of Bucharest Tribunal, section VI Civil. Through its summons the claimant requested compelling defendant CNTEE Transelectrica SA to pay the following amounts:

- 2,433,608.52 Lei annual rent for temporary land occupation from the national forestry fund;
- Delay penalties from rent payment due date 31.01.2018 until their full actual payment;
- 304,298.47 Lei for final taking up a land area of the national forestry fund and the loss of timber mass for operation + delay penalties calculated as of 10.05.2015 until their full actual payment;

The case was contained by file 2434/115/2018, on the docket of Caras Severin Tribunal.

On 29.11.2018 Caras Severin Tribunal pronounced ruling 3326/2018 deciding as follows: "It admits the territorial incompetence exception of Caras-Severin Tribunal. It declines the settlement competence for the suing filed by claimant RNP-Romsilva, Forestry Division Caras-Severin against defendants the National Power Grid Company Transelectrica SA and the National Power Grid Company Transelectrica SA, Transmission Branch Timisoara; final. It was pronounced at public hearing on 29.11.2018".

The file was registered under no. 2434/115/2018 on the docket of Bucharest Tribunal, Section IV Civil which on 22.01.2019 pronounced the following conclusion: "It admits the functional incompetence exception. It decides referring the file to Section VI Civil of Bucharest Tribunal for competent settlement; no appeal. It was pronounced at public hearing on 22.01.2019".

The file was registered under no 2434/115/2018\* on the docket of Bucharest Tribunal, Section VI Civil on 13.02.2019, which pronounced the following conclusion: "It admits the exception of suit material incompetence of Bucharest Tribunal, Section VI Civil, sustained ex officio. It declines the case settlement competence in favour of Bucharest Tribunal, Section IV Civil, which will receive promptly the file. It ascertains as occurred the negative competence conflict, it suspends judging the case and refers the file to the Bucharest Court of Appeal to settle the conflict; no appeal. It was pronounced at public hearing on 13.02.2019".

The settlement in brief of the Appeal Court Bucharest was: "In accordance with article 413 para (1) pt. 1 of the Civil Procedural Code it suspends case settlement until final settlement of file 3155/115/2018 on the docket of the High Court of Cassation and Justice; appeal right granted during the entire suspension. It was pronounced on 19.05.2020. Pronouncement will occur by placing the ruling at the parties' disposal by the court clerk". A new recourse was set on 09.03.2021.

On the 23.03.2021 recourse term the ICCJR decided under file 3155/115/2018 as follows: "It denies as groundless the appeals filed by claimant National Power Grid Company Transelectrica SA and defendant National Authority of Forests Romsilva, Forestry Division Caras - Severin against civil ruling 17 / 30 January 2020, pronounced by the Appeal Court Timisoara, Section I civil. It decides returning the judiciary stamp tax in quantum of 19,012.3 Lei to the recurrent-claimant National Power Grid Company Transelectrica SA; final".

- *File 3083/3/2020 - claimant NUCLEARELECTRICA SA (1,472,785)*

On 26.06.2020 Nuclearelectrica summoned the Company to court in order to pay 1,290,533.156 Lei representing negative imbalance and 182,251.94 Lei as legal interest.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

After several terms of case deferral (26.06.2020, 16.10.2020, 11.12.2020) for various reasons, on the 22.12.2020 term the Instance compelled the Company to pay the claimant 1,290,533.156 Lei as compensatory damage, and upon such payment updating this amount by the inflation rate of 27.09.2018 until actual payment; to pay 182,251.94 Lei as penalty legal interest calculated as of 27.09.2018 until 31.01.2020, and to further pay the penalty legal interest calculated as of 01.02.2020 until actual payment. It also compelled the defendant to pay the claimant 23,441.66 Lei as law suit expenses, consisting of judiciary stamp tax. It denied as groundless the defendant's request to be paid law court expenses. Appeal right was granted within 30 days from notification (Ruling 2698/2020 / 22.12.2020). Transelectrica SA filed appeal to the Appeal Court Bucharest and expects the notification from the law court.

- *File 20780/3/2020 - claimant ENERGOMONTAJ SA (7,092,389)*

The file pertains to claims, representing additional costs related to the growth of minimum salary in constructions and compelling to conclude an addendum to contract C54/2018. The first file term was established on **30.09.2021**.

- *File 3186/117/2020 - claimant ENERGOBIT SA (828,098)*

On 23.10.2020 Energobit SA summoned the Company in order to update the price under contract C18/2017 (Refurbishing the 400/110/20 kV substation Domnesti) because the minimum salary was indexed in constructions according to OUG 114/2018. To this effect it requested compelling the Company to conclude an addendum and pay 1,618,421.14 Lei, representing manual labour difference + 101,339.90 Lei, representing delay penalties.

After case deferral on 29.09.2020 because of absent procedure with the defendant, on 27.10.2020 Cluj Tribunal invoked ex officio and admitted the exception of material processual incompetence of Cluj Tribunal's Civil Section, and it declined the request settlement competence of such summons in favour of the Specialised Cluj Tribunal.

In its turn on the first hearing term (24.11.2020) the Specialised Cluj Tribunal invoked ex officio and admitted the exception of its material incompetence, in consequence which such declining the settlement competence of the summons in favour of Cluj Tribunal, Section Civil. As it ascertained occurrence of the negative conflict of competence it decided notifying the Appeal Court Cluj, Section II Civil in order to settle the competence conflict.

On the 25.01.2021 term the Appeal Court Cluj, conferred with the settlement of the competence conflict established such settlement competence of the summons in favour of the Specialised Cluj Tribunal.

On the 26.04.2021 term the Specialised Cluj Tribunal denied as groundless the request filed by claimant Energobit SA in contradiction with defendant CNTEE Transelectrica SA, with appeal right within 10 days from notification, to be submitted to the Specialised Cluj Tribunal. Energobit SA filed appeal.

- *File 3042/117/2020 - claimant ELM Electromontaj Cluj (1,344,355)*

On 06.08.2020 ELM Electromontaj Cluj SA sued the Company by UTT Cluj to update the contractual price of contract C21/28.07.2016 (Major maintenance to the 220 kV double circuit OHL Cluj Floresti – Alba Iulia: Cluj Floresti – Campia Turzii: Iernut – Campia Turzii), because the minimum salary was indexed in constructions according to OUG 114/2018. To this effect it requested compelling the Company to conclude an addendum and pay 965,015.16 Lei, representing manual labour difference + 379,340.93 Lei, representing delay penalties.

On the first hearing term of 29.09.2020 Cluj Tribunal invoked ex officio and admitted the exception of material processual incompetence of Cluj Tribunal's Civil Section, and it declined the request settlement competence of such summons in favour of the Specialised Cluj Tribunal.

In its turn on the first hearing term (09.12.2020) the Specialised Cluj Tribunal invoked ex officio and admitted the exception of its material incompetence, in consequence which such declining the settlement competence of the summons in favour of Cluj Tribunal, Section Civil. As it ascertained occurrence of the negative conflict of competence it decided notifying the Appeal Court Cluj, Section II Civil in order to settle the competence conflict.

On the 15.01.2021 term the Appeal Court Cluj, conferred with the settlement of the competence conflict established such settlement competence of the summons in favour of the Specialised Cluj Tribunal.

After the 17.02.2021 hearing term and two pronouncement deferrals (17.02.2020 and 22.02.2021), on 01.03.2021 the Specialised Cluj Tribunal pronounced civil ruling 405/2021 whereby it decided as follows: It denied as groundless the exception of absent interest to sustain the first request item, an exception claimed by the defendant. It admitted the case filed by claimant SC E. E. SA in contradiction with defendant C. T. SA. It compelled the defendant to conclude with the claimant an addendum to the work Contract C21/28.07.2016, pertaining to changing the contractual price because of the indexation of the gross minimum basic salary guaranteed for payment nation-wide in constructions according to OUG 114/2018. It compelled the defendant to pay in favour of the claimant 965,015.16 Lei, VAT free, representing difference between the offered manual labour and the actually executed manual labour under work Contract C21/28.07.2016, according to the work statements of

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

February – July 2019. It compelled the defendant to pay in favour of the claimant 379,340.93 Lei, representing 0.1%/day delay penalties, calculated to the principal debt until 31.07.2020, and 0.1%/day further delay penalties until full payment of the principal debt, penalties being limited to the principal debt, plus VAT. It compelled the defendant to pay in favour of the claimant 35,519.20 Lei as law suit expenses, representing judiciary stamp tax and lawyer's fee; appeal granted within 10 days from notification".

- *File 3104/117/2020 - claimant ELM Electromontaj Cluj (812,332)*

On 11.08.2020 ELM Electromontaj Cluj SA sued the Company by UTT Cluj to update the contractual price of contract C14/09.03.2018 ("Major maintenance to the 220 kV OHL Alba - Sugag - Galceag), because the minimum salary was indexed in constructions according to OUG 114/2018. To this effect it requested compelling the Company to conclude an addendum and pay 617,280.31 Lei, representing manual labour difference + 179,124.08 Lei, representing delay penalties.

On the first hearing term of 29.09.2020 Cluj Tribunal invoked ex officio and admitted the exception of material processual incompetence of Cluj Tribunal's Civil Section, and it declined the request settlement competence of such summons in favour of the Specialised Cluj Tribunal.

In its turn on the first hearing term (10.12.2020) the Specialised Cluj Tribunal invoked ex officio and admitted the exception of its material incompetence, in consequence which such declining the settlement competence of the summons in favour of Cluj Tribunal, Section Civil. As it ascertained occurrence of the negative conflict of competence it decided notifying the Appeal Court Cluj, Section II Civil in order to settle the competence conflict.

On the 15.01.2021 term the Appeal Court Cluj, conferred with the settlement of the competence conflict established such settlement competence of the summons in favour of the Specialised Cluj Tribunal.

Next hearing term: 18.02.2021. The exception of the absent usage capacity of UTT Sibiu was denied; it enjoined the defendant to submit to the file the check-up of the arithmetical calculation representing claims under item 2, and in case the calculation is incorrect to submit the mathematical demonstration. It deferred the case on 11.03.2021.

Term 11.03.2021 – Meeting notices were submitted and verbally we sustained the need to provide judiciary expertise in the case, financial-accounting speciality in accordance with the provisions of article 254 para 2 pt. 2 NCPC. The instance denied the evidence request as useless to the case.

It raised for the parties' discussion the deferral of the case substantial issue on 25.03.2021 taking into account other causes between the same parties on the same subject are found on the docket of the Appeal Court Cluj and the Specialised Cluj Tribunal, which causes are under advanced procedures. As of 25.03.2021 the court successively deferred the case.

On the 22.04.2021 term the request filed by claimant ELM Electromontaj Cluj SA, in contradiction with defendant CNTEE Transelectrica SA was denied: "It denies as groundless the claimant's request to compel the defendant to pay law court expenses; appeal right granted within 10 days from notification, to be submitted to the Specialised Cluj Tribunal".

"Other provisions" amounted to 127,697 and mainly represented medical leaves not taken.

On 30 June 2021 the Company had constituted a provision amounting to 23,941,005 and mainly representing the variable component of OAVT packages allocated and not capitalised during the mandates of executive and non-executive administrators executed in 2013-2017. There are summons for such variables filed by former Supervisory Board / Directorate members while provision amounts are estimated using an actuarial calculation according to applicable IFRS standards (IFRS 2) for OAVT not capitalised at the end of every financial year.

## 12. Other tax and social security liabilities

On 30 June 2021 and 31 December 2020 these comprised:

	<u>30 June 2021</u>	<u>31 December 2020</u>
Contribution to social security funds	8,412,300	13,542,683
Salary tax	1,524,960	2,465,884
Other payable taxes	1,453,614	1,002,862
<b>Total</b>	<b>11,390,874</b>	<b>17,001,429</b>

On 30 June 2021 the Company registered payment liabilities for its contributions to the social security, salary tax and other tax funds, which were due and paid in July 2021.



## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

### 13. Income tax

The Company's current and deferred income tax is determined at 16% statutory rate.

The income tax expense in quarter II 2021 and quarter II 2020, as well as the income tax on 30 June 2021 and 30 June 2020 were as follows:

	Q II 2021	Q II 2020	30 June 2021	30 June 2020
Current income tax	5,630,705	12,870,392	19,546,318	30,575,831
Deferred income tax	(1,184,167)	(380,416)	(2,651,757)	(2,846,378)
<b>Total</b>	<b>4,446,538</b>	<b>12,489,976</b>	<b>16,894,561</b>	<b>27,729,453</b>

### 14. Operational revenues

#### Quarter II 2021 in comparison with quarter II 2020

Such revenues include those achieved by the Company's provision of transmission and system services on the electricity market, by allocating the interconnection capacities, balancing market operation services and other revenues.

ANRE-approved tariffs for services provided on the electricity market related to quarter II 2021 and to quarter II 2020 were as follows:

	Average tariff, transmission services	Tariff of technological system services	Tariff of functional system services
Order 10/24.02.2021 - for Q II 2021	20.55	10.82	-
Order 10/15.01.2020 - for Q II 2020	17.97	13.05	1.84

Throughout 2020 with a view to implement the new package of European regulations, especially Regulation (EU) 2019/943 and Regulation (EU) 2017/2195, the methodologies establishing tariffs for electricity transmission services and the tariffs of 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, as later amended, with the provisions of the fore-mentioned European regulations.

To this effect ANRE Order 153/2020 amending and adding the *Methodology establishing tariffs for electricity transmission services*, approved by ANRE Order 171/2019 integrated the component of the functional system service into transmission services, such unification being possible due to similar principles and rules establishing revenues and tariffs.

At the same time ANRE Order 180/2020 amended the *Methodology establishing system service tariffs*, approved by ANRE Order 45/2017, with later amendments, meaning it eliminated the provisions regarding the principles and rules establishing the tariff of functional system services, which were taken over by ANRE Order 153/2020.

Under such circumstances ANRE Order 214/2020, amended by ANRE Order 10/2021 approved the average tariff of transmission services (which also integrate a component for functional system services) and the tariffs of system services beginning with 1 January 2021.

The average electricity transmission rate has two components: tariff for electricity injection into the grid ( $T_G$ ) and tariff for electricity extraction from the grid ( $T_L$ ).

Zone tariffs of transmission services to inject electricity in the grid ( $T_G$ ) and to take electricity out of the grid ( $T_L$ ) were approved by ANRE Order 214/2020 beginning with 1 January 2021.

The electricity quantity delivered to consumers which was applied the tariffs of services provided on the electricity market was the following:

	Quarter II 2021	Quarter II 2020
Electricity quantity delivered to consumers (MWh)	13,353,008	11,843,610

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

Operational revenues achieved in quarter II 2021 and in quarter II 2020 were as follows:

	<b>Quarter II 2021</b>	<b>Quarter II 2020</b>
Transmission revenues	273,839,322	211,291,181
Revenues from allocation of interconnection capacity	10,400,953	13,417,273
Revenues from reactive electricity	166,730	43,166
Inter TSO Compensation (ITC) revenues	580,068	104,284
Revenues from CPT transactions	4,879,597	1,429,933
<b>Transmission revenues – total</b>	<b>289,866,670</b>	<b>226,285,837</b>
Revenues from functional system services	-	21,792,360
Revenues from technological system services	145,031,764	155,122,999
Revenues with unplanned exchanges on the DAM	3,111,219	724,709
<b>System service revenues – total</b>	<b>148,142,983</b>	<b>177,640,068</b>
Revenues on the balancing market	248,642,920	68,544,237
Other revenues	8,786,999	14,647,986
<b>Total revenues</b>	<b>695,439,572</b>	<b>487,118,128</b>

*Transmission revenues and revenues from functional system services*

Taking into account the integration of the functional system service component into transmission services beginning with 1 January 2021, the amount of transmission services from quarter I 2020 will be cumulated to the amount of functional system services in order to be able to compare quarter II 2021 with quarter II 2020.

Thus transmission revenues registered increase by 40.755.781 in quarter II 2021 compared to quarter II 2020, determined by 12.74% higher electricity quantity delivered to consumers, namely 1,509,398 MWh and by the higher ANRE-approved average transmission tariff (according to the fore-mentioned table of ANRE-approved tariffs in previous time periods).

*Revenues from allocation of interconnection capacities*

Such revenues decreased by 3,016,320 in quarter II 2021 compared to quarter II 2020, corresponding to the utilisation degree of available interconnection capacities by the traders on the electricity market.

The market allocating the interconnection capacities is fluctuating and prices develop depending on the demand and need of participants on the electricity market to procure interconnection capacity. The reduced revenues from the allocation of interconnection capacities registered during the studied period are owed to smaller participants' interest to purchase interconnection capacity, and electricity was transacted more on internal markets.

The allocation mechanism of interconnection capacities consists in organising annual, monthly, daily and intraday bids. The annual, monthly and intraday bids are explicit as only the transmission capacity is auctioned, while the daily ones are implicit and capacity is simultaneously allocated with electricity through the coupling mechanism.

Since beginning with 19 November 2014 a regional power exchange was established by Romania, Hungary, the Czech Republic and Slovakia, the assumption is to have these four countries reaching to a single price of electricity transacted on spot markets. Capacity allocation between Romania and Hungary, the only country of the other 3 Romania has frontier with is carried out by transporters: Transelectrica and MAVIR by common mechanism under a bilateral agreement.

Beginning with 2016 the UIOSI principle was implemented on the Bulgarian border and from 2017 onward on the Serbian border as well. In accordance with such principle market participants that do not use the capacity they had 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 that MAVIR remunerates the participants for unused capacities.

As of November 2019 the 2<sup>nd</sup> wave was launched under the single European solution for intraday markets coupling (SIDC – Single Intraday Coupling). The single intraday markets coupling mechanism provides continuous harmonisation (matching) of sale and purchase offers from market participants of a bidding zone with the sale / purchase offers within their own bidding

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

zones and any other bidding zone where cross-border capacity is available. Thus explicit intraday bids are performed only on the Serbian border, being implicit on the Bulgarian and Hungarian ones (within SIDC).

Net revenues from the allocation of interconnection capacities are utilised in accordance with the provisions of ANRE Order 171/2019 and of Regulation (EU)2019/943 of 5 June 2019 regarding the internal electricity market as financing source of investments to upgrade and develop the interconnection capacities with neighbouring systems.

### *Inter TSO Compensation (ITC) revenues*

Such revenues were higher by 475,784 in quarter II 2021 compared to quarter II 2020.

Such revenues increased in the studied interval because the imported / exported / transited amount of electricity was 7.5 times higher than last year, taking into account exchanges were reduced in quarter II 2020 with adjoining countries (Ukraine) because of the COVID-19 pandemic.

### *Revenues from CPT transactions*

They were higher by 3,449,664 in quarter II 2021 compared to quarter II 2020. Such revenues were mainly obtained by selling the excess electricity on the Intraday Market managed by OPCOM and by means of BRP CIGA ENERGY on the Balancing Market.

The significant increase of such revenues in the studied interval is due to the new rules on the balancing market and also the imbalances of Transelectrica were mostly contrary to the imbalances of the National Power System.

At the end of November 2019 the coupled operation of the European Intraday Market was launched under the XBID/SIDC project, which provided higher market liquidity and diversified products for transaction, thus leading to higher revenues registered on this market.

### *Revenues from technological system services*

Such revenues registered drop by 10,091,235 in quarter II 2021 compared to quarter II 2020, determined by diminished ANRE-approved tariff for such services (according to the fore-mentioned table of ANRE-approved tariffs in previous time periods), when the electricity quantity delivered to consumers grew 12.74%, namely 1,509,398 MWh.

In quarter II 2021 revenues from technological system services were lower by 3,368,832 compared to the expenses made to procure technological system services.

### *Revenues on the balancing market*

They increased by 180,098,683 in quarter II 2021 compared to quarter II 2020, mainly determined by:

- Regulatory issues:
  - Bidding limits were removed from the balancing market according to ANRE Order 61/31.03.2020 approving the *Regulation to schedule dispatchable generating units, the dispatchable consumers and dispatchable storage installations*, the *Regulation on the operation and settlement of the balancing market*, and the *Regulation on the calculation and settlement of imbalances of balancing responsible parties*;
  - Eliminating the obligation to participate on the balancing market according to ANRE Order 213/25.11.2020 approving the *Regulation on the operation and settlement of the balancing market – single imbalance price* and amending other orders of the President of the National Regulatory Authority in the Energy domain;
  - The balancing market passed to 15 minutes' settlement interval;
  - The single settlement price was applied on the balancing market beginning with 1 February 2021;
  - Beginning with 1 June 2021 a new set of common settlement rules was applied for planned and unplanned electricity exchanges, providing a financial settlement made between Transmission System Operators, thus removing the compensations in kind determined as per the ENTSO-E methodology by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland), which CNTEE Transelectrica SA used to transact on the Day-Ahead Market and registered distinctly in the Revenue and Expense Budget with Balancing Responsible Party Unplanned Exchanges as a consequence of transacting electricity on the Day-Ahead Market;
- Market operation issues:
  - The contracting mode on the markets previous to the balancing one;
  - The development of the average deficit price registered on the balancing market;
  - Decreased negative imbalance registered by electricity suppliers on the balancing market;
  - Development of the hydraulic capacity;

**CNTEE Traselectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

- Reduced electricity consumption as a result of regulations issued by the Public Central Administration to prevent spreading Covid-19.

In quarter II 2021 revenues on the balancing market were higher by 4,671,877 compared to expenses made on the balancing market.

**Semester I 2021 in comparison with semester I 2020**

ANRE-approved tariffs for services provided on the electricity market associated to semester I 2021 and to semester I 2020 were as follows:

	Average transmission tariff	Tariff of technological system services	Tariff of functional system services
Order 10/24.02.2021 for 01 March – 30 June 2021	20.55	10.82	-
Order 214/09.12.2020 for 01 January – 28 February 2021	20.55	11.96	-
Order 10/15.01.2020 for 16 January – 30 June 2020	17.97	13.05	1.84
Order 218/11.12.2019 for 01 January – 15 January 2020	18.33	13.05	1.84

The electricity quantity delivered to consumers in semester I 2021, namely in semester I 2020 was the following:

	Semester I 2021	Semester I 2020
Electricity quantity delivered to consumers (MWh)	28,278,060	26,255,754

Operational revenues achieved in semester I 2021 and in semester I 2020 were as follows:

	Semester I 2021	Semester I 2020
Transmission revenues	579,462,053	470,185,582
Revenues from the allocation of interconnection capacities	20,789,874	31,332,982
Revenues from reactive electricity	287,982	131,804
Inter TSO Compensation (ITC) revenues	907,759	1,937,630
Revenues from CPT transactions	11,019,766	3,669,555
<b>Transmission revenues – total</b>	<b>612,467,434</b>	<b>507,257,553</b>
Revenues from functional system services	-	48,311,197
Revenues from technological system services	318,166,951	343,375,314
Revenues with unplanned exchanges on the DAM	3,185,537	782,067
<b>Revenues from system services – total</b>	<b>321,352,488</b>	<b>392,468,578</b>
Balancing market revenues	468,866,026	166,063,550
Other revenues	19,068,648	24,171,586
<b>Total revenues</b>	<b>1,421,754,596</b>	<b>1,089,961,267</b>

*Transmission revenues and revenues from functional system services*

Taking into account the integration of the component relating to functional system services into transmission services beginning with 1 January 2021, the amount of transmission services from semester I 2020 will be cumulated to the amount of functional system services in order to be able to compare semester I 2021 to semester I 2020.

## **CNTEE Tranelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

Thus transmission revenues registered increase by 60,965,274 in semester I 2021 compared to semester I 2020, determined by 7.70% higher electricity quantity delivered to consumers, namely 2,022,306 MWh and by the higher ANRE-approved average transmission tariff (according to the fore-mentioned table of ANRE-approved tariffs in previous time periods).

### *Revenues from the allocation of interconnection capacities*

In semester I 2021 such revenues dropped by 10,543,108 in comparison with semester I 2020, corresponding to the utilisation degree of available interconnection capacities by the traders on the electricity market.

The market allocating the interconnection capacities is fluctuating and prices develop depending on the demand and need of participants on the electricity market to procure interconnection capacity. The reduced revenues from the allocation of interconnection capacities registered during the studied period are owed to smaller participants' interest to purchase interconnection capacity, and electricity was transacted more on internal markets.

### *Inter TSO Compensation (ITC) revenues*

Such revenues were smaller by 1,029,871 in semester I 2021 compared to semester I 2020. They decreased because in the first semester of 2021 the imported / exported / transited amount of electricity was smaller than in the first semester of 2020, and the tariff applied to exchanges with adjoining countries was smaller in this interval of 2021 compared to the same period of 2020.

### *Revenues from CPT transactions*

Revenues from electricity transactions to cover CPT (losses) were higher by 7,350,211 in semester I 2021 compared to semester I 2020. Such revenues were obtained by selling the excess electricity on the Intraday Market managed by OPCOM and by PRE CIGA ENERGY on the Balancing Market.

The significant growth of such revenues during the studied interval is due to the new rules on the balancing market and because the imbalances of Tranelectrica were mostly contrary to the imbalances of the National Power System.

### *Revenues from technological system services*

They dropped by 25,208,363 in semester I 2021 compared to semester I 2020, determined by diminished ANRE-approved tariff for such services (according to the fore-mentioned table of ANRE-approved tariffs in previous time periods), when the electricity quantity delivered to consumers grew 7.70%, namely 2,022,306 MWh.

In semester I 2021 revenues from technological system services were greater by 26,704,917 compared to expenses made to procure technological system services.

The regulatory framework of technological system services contains regularisation mechanisms compensating the revenue excess or deficit against the expenses necessary to perform such activities. Thus according to ANRE regulation the revenue surplus / deficit against recognised costs resulted from such activities will be compensated by ex-post tariff (negative / positive) correction that ANRE applies to the tariff in the next years after that when such surplus / deficit was registered. The revenue surplus / deficit against the costs resulted from such activities are calculated during tariff calculation periods (usually 12 months).

### *Revenues on the balancing market*

Balancing market revenues grew by 302,802,476 in semester I 2021 compared to semester I 2020, mainly determined by:

- Regulatory issues:
  - Bidding limits were removed from the balancing market according to ANRE Order 61/31.03.2020 approving the *Regulation to schedule dispatchable generating units, the dispatchable consumers and dispatchable storage installations*, the *Regulation on the operation and settlement of the balancing market*, and the *Regulation on the calculation and settlement of imbalances of balancing responsible parties*;
  - Eliminating the obligation to participate on the balancing market according to ANRE Order 213/25.11.2020 approving the *Regulation on the operation and settlement of the balancing market – single imbalance price* and amending other orders of the President of the National Regulatory Authority in the Energy domain;
  - The balancing market passed to 15 minutes' settlement interval;
  - The single settlement price was applied on the balancing market beginning with 1 February 2021;
  - Beginning with 1 June 2021 a new set of common settlement rules was applied for planned and unplanned electricity exchanges, providing a financial settlement made between Transmission System Operators, thus removing the compensations in kind determined as per the ENTSO-E methodology by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland), which CNTEE Tranelectrica SA used to transact on the Day-Ahead Market and registered distinctly in the Revenue and Expense Budget with Balancing Responsible Party Unplanned Exchanges

## CNTEE Tranelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

as a consequence of transacting electricity on the Day-Ahead Market;

- Market operation issues:
  - The contracting mode on the markets previous to the balancing one;
  - The development of the average deficit price registered on the balancing market;
  - Decreased negative imbalance registered by electricity suppliers on the balancing market;
  - Development of the hydraulic capacity;
  - Decrease of the electricity demand (consumption) during a mild winter;
  - Reduced electricity consumption as a result of regulations issued by the Public Central Administration to prevent spreading Covid-19;

In 2021 estimations are the regulations implemented 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, the settlement at 15 minutes, the single settlement price applied on the balancing market and the country-wide management of COVID-19 spreading will have significant impact over the balancing market revenues / costs.

In semester I 2021 balancing market revenues were higher by 12,740,145 compared to expenses made on the balancing market.

The regulatory framework of balancing market administration contains regularisation mechanisms providing compensation for revenue excess or deficit compared to the expenses necessary for such activities. Thus according to ANRE regulations the monthly non-null balances (revenue surpluses) resulted from these activities will be compensated by ex-post tariff (negative) correction applied by ANRE into the tariff after the year when such balances were recorded.

### 15. System operational expenses, balancing market expenses

#### Quarter II 2021 in comparison with quarter II 2020

Expenses made in quarter II 2021 compared to quarter II 2020 were as follows:

	<b>Quarter II 2021</b>	<b>Quarter II 2020</b>
Expenses regarding one's technological consumption	82,587,513	48,622,509
Expenses for electricity consumption in RET substations	4,234,775	4,740,089
Expenses regarding functional system services	2,551,926	5,967,826
Inter TSO Compensation (ITC) expenses	4,024,671	2,222,402
<b>Total operational expenses</b>	<b>93,398,885</b>	<b>61,552,826</b>
Expenses regarding technological system services	148,400,596	132,282,309
Balancing market expenses	243,971,043	68,544,237
<b>Total</b>	<b>485,770,524</b>	<b>262,379,372</b>

#### *Expenses regarding one's technological consumption*

They are expenses made to purchase electricity from the free electricity market to cover one's technological consumption (CPT) within RET and were higher by 33,965,004 in quarter II 2021 compared to quarter II 2020, taking into account some issues as follows:

- One's technological consumption registered in the studied interval was higher than in the similar period of 2020, as the 2020 consumption was highly influenced by the Covid-19 pandemic;
- The average electricity price procured on the DAM was higher in quarter II 2021 against quarter II 2020;
- The single settlement price applied on the balancing market beginning with 01.02.2021, and the settlement made at 15 minutes led to higher average prices for the electricity procured on the Balancing Market as compared to the same period of last year.

## CNTEE Traselectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

### Expenses regarding functional system services

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

They decreased by 3,415,900 in quarter II 2021 compared to quarter II 2020, mainly determined by reduced balancing market expenses for unplanned electricity exchanges with neighbouring countries interconnected to SEN.

### Inter TSO Compensation (ITC) expenses

They represent monthly payment obligations / collection rights of each transmission system operator (TSO). They are established under the compensation / settlement mechanism for the effects of using the electricity transmission network (RET) for electricity transits in-between TSOs of the countries that have adhered to such ENTSO-E mechanism. In quarter II 2021 such expenses were 1,802,269 greater than in the same period of last year.

### Expenses regarding technological system services

The Company procures technological system services from producers in view of maintaining the safe operation of SEN and the quality of electricity transmitted according to the parameters provided in applicable technical norms, according to the needs established by the National Power Dispatcher (organisational unit of the Company) that is responsible to provide steady-state safe operation of SEN.

Such services are contracted both under competitive regime and under regulated regime (based on Decisions of the National Regulatory Authority in the Energy domain), in case of reactive electricity reserves.

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

In quarter II 2021 technological system services were contracted under regulated regime only for reactive electricity, according to ANRE Order 1078/2020, being provided by the Company Generating Electricity by Hydropower Plants Hidroelectrica SA.

Expenses regarding technological system services registered growth by 16,118,287 in quarter II 2021 compared to quarter II 2020, mainly influenced by:

- The procurement prices of technological system services were higher on the competitive market in quarter II 2021 compared to those of quarter II 2020, because of the electricity price rises on the electricity market in 2021;
- In 2021 there was high concentration of the market for technological system services for secondary reserve (RS).

### Balancing market expenses

They grew by 243,971,043 in quarter II 2021 and were 175,426,806 higher than those made in quarter II 2020. Such expenses result from notifications / achievements of market participants.

## Semester I 2021 in comparison with semester I 2020

Expenses made in semester I 2021 compared to semester I 2020 were as follows:

	<b>Semester I 2021</b>	<b>Semester I 2020</b>
Expenses regarding one's technological consumption	176,031,986	113,353,841
Congestion expenses	177	-
Expenses for electricity consumption in RET substations	10,252,463	8,891,329
Expenses regarding functional system services	6,456,982	12,560,942
Inter TSO Compensation (ITC) expenses	9,403,596	8,091,292
<b>Total operational expenses</b>	<b>202,145,204</b>	<b>142,897,404</b>
Expenses regarding technological system services	291,462,034	298,215,617
Balancing market expenses	456,125,881	166,063,550
<b>Total</b>	<b>949,733,119</b>	<b>607,176,571</b>

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

---

### *Expenses regarding one's technological consumption*

They are expenses made to purchase electricity from the free electricity market, namely the Centralised Market of Bilateral Contracts (PCCB), the Day-Ahead Market (PZU/DAM), the Balancing Market (PE) and the Intraday Market (PI) in order to cover one's own technological consumption (CPT / losses) within RET.

Expenses regarding one's technological consumption were higher by 62,678,145 in semester I 2021 compared to semester I 2020, taking into account a few issues such as:

- One's technological consumption was registered about 28 GWh (32%) higher in January, namely by about 32 GWh (44%) in February compared to the same period of 2020, while about 30% growth was registered in the entire interval since the 2020 consumption was highly influenced by the Covid-19 pandemic;
- The average price of the electricity procured on the DAM was almost 80% higher in semester I 2021 compared to semester I 2020. At present the trend of the Day-Ahead Market is of continuous growth, recording much higher values than those of 2020. The same trend is noticed Europe-wide, which will have significant impact on the costs recorded for CPT coverage, taking into account on 17 June 2021 the Day-Ahead Markets of the 4M MC (Czech Republic, Slovakia, Hungary and Romania) were coupled with the regional market of Austria, Germany and Poland;
- The single settlement price was applied on the balancing market beginning with 01.02.2021, and settlements are made at 15 minutes, which led to about 8% higher average price of the electricity procured on the Balancing Market compared to the same period of last year. CPT costs on the balancing market were about 23% higher during the entire interval studied than in the same period of last year.

### *Expenses for electricity consumption in RET substations*

In order to perform electricity transmission activities within electric substations and to operate the National Power System under safe operational terms CNTEE Transelectrica SA has to procure electricity and cover the consumption of auxiliary services from high voltage electric substations managed by the Company.

Such expenses grew 1,361,134 in semester I 2021 compared to semester I 2020, growth owed to the higher electricity procurement prices in 2021.

### *Expenses regarding functional system services*

They decreased by 6,103,960 in semester I 2021 compared to semester I 2020, mainly determined by reduced balancing market expenses for unplanned electricity exchanges with the neighbouring countries interconnected to SEN.

### *Inter TSO Compensation (ITC) expenses*

They represent monthly payment obligations / collection rights of each transmission system operator (TSO). They are established under the compensation / settlement mechanism for the effects of using the electricity transmission network (RET) for electricity transits in-between TSOs of the countries that have adhered to such ENTSO-E mechanism. In semester I 2021 such expenses were 1,312,304 higher than in the same period of last year.

### *Expenses regarding technological system services*

The Company procures technological system services from producers in view of maintaining the safe operation of SEN and the quality of electricity transmitted according to the parameters provided in applicable technical norms, according to the needs established by the National Power Dispatcher (organisational unit of the Company) that is responsible to provide steady-state safe operation of SEN.

Such services are contracted both under competitive regime and under regulated regime (based on Decisions of the National Regulatory Authority in the Energy domain), in case of reactive electricity reserves.

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

In semester I 2021 technological system services were contracted under regulatory regime only for reactive electricity according to ANRE Decision 1078/2020, being provided by the Company Generating Electricity by Hydropower Plants Hidroelectrica SA.

Expenses for technological system services decreased by 6,753,583 in semester I 2021 compared to semester I 2020, mainly influenced by the following factors:

- In semester I 2021 procurement prices of technological system services on the competitive market were maintained around those recorded in 2020 for secondary reserve (RS) and fast tertiary reserve (RTR);



## CNTEE Tranelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

- In semester I 2021 there was high concentration of the market for technological system services for secondary reserve (RS).

CNTEE Tranelectrica SA re-invoices the value of technological system services procured from producers to the ANRE-licensed electricity suppliers that benefit of such services in the end.

In 2021 estimations are that technological system procured by daily bids and per direction performed in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019, the development of ANRE's regulatory framework for the electricity market and the country-wide management of COVID-19 spreading will have significant impact on the development of procurement costs of technological system services for CNTEE Tranelectrica SA.

### Balancing market expenses

Such expenses made in semester I 2021 amounted to 456,125,881 and were 290,062,331 higher than those made in semester I 2020. They result from the notifications / achievements of market participants.

## 16. Personnel expenses

	<u>Quarter II 2021</u>	<u>Quarter II 2020</u>
Personnel salary expenses	53,274,357	48,185,545
Social expenses	3,616,776	914,217
Expenses with tickets granted to employees	2,024,800	1,702,770
Expenses regarding employees' participation of last year's profit	3,825,122	-
Covid-19 expenses- food benefit, taxable	-	1,003,974
Expenses of the mandate contract & other committees, commissions	1,012,439	768,696
Social insurance and protection expenses	3,814,605	3,599,333
Provisions made for salary and assimilated expenses	(3,910,703)	(4,903)
Other expenses	346,888	284,424
<b>Total</b>	<b>64,004,284</b>	<b>56,454,056</b>

Total personnel expenses made in quarter II 2021 registered increase compared to quarter II 2020, mainly determined by higher personnel salary expenses and social expenses. Also expenses were registered in quarter II 2021 for employees' participation to the 2020 profit, and the provision constituted in 2020 for employees' participation to profit was resumed into revenues.

	<u>Semester I 2021</u>	<u>Semester I 2020</u>
Personnel salary expenses	102,415,523	93,364,130
Social expenses	4,041,244	1,466,582
Expenses with tickets granted to employees	4,291,780	3,365,205
Expenses regarding employees' participation of last year's profit	3,825,122	-
Covid-19 expenses- food benefit, taxable	-	1,003,974
Expenses of the mandate contract & other committees, commissions	2,037,566	1,517,151
Social insurance and protection expenses	9,078,925	7,108,699
Provisions made for salary and assimilated expenses	(13,207,042)	(8,162)
Other expenses	502,268	509,921
<b>Total</b>	<b>112,985,386</b>	<b>108,327,500</b>

Total personnel expenses made in semester I 2021 registered increase compared to semester I 2020, mainly determined by higher personnel salary expenses, social expenses, tickets granted to employees and higher expenses for social insurance and protection. Mention should be made in semester I of 2020 personnel expenses were lower compared to semester I of the current year also because of the coronavirus pandemic.

Also in semester I 2021 expenses were registered for employees' participation to the profit of 2020, and the provision constituted in 2020 for employees' participation to profit was resumed into revenues.

A part of constituted provisions was resumed to revenues simultaneously with payment made for OAVT certificates (OAVT = remunerations of executive and non-executive administrators, consisting of variable component of OAVT packages allocated and not capitalised during mandates executed in 2013-2017), payments made under enforceable court rulings received by the Company.

**CNTEE Tranelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

**17. Other operational expenses**

	<b>Quarter II 2021</b>	<b>Quarter II 2020</b>
Other expenses for services provided by third parties	19,420,348	16,587,637
Postal expenses and telecommunication rates	171,920	183,349
Royalties and rent expenses	1,216,113	314,984
(Net) operational expenses with impairment allowances for current assets	242,351	(131,320)
Other expenses, of which:	7,932,114	10,080,140
- (Net) expenses regarding provisions for other operational expenses	(1,764,269)	297,750
- Expenses with taxes and charges (ANRE fee, tax on natural monopoly, other local taxes and charges)	4,804,615	4,948,504
- Expenses for international subscriptions	1,411,698	1,327,250
- Travel expenses	720,768	184,405
- Personnel transportation expenses	324,420	154,331
- Merchandise expenses	192,327	42,518
- Study and research expenses	187,000	259,875
- Expenses for procured natural gas	158,804	196,172
- Expenses, electricity procured for administrative consumption	153,966	686,830
- Protocol expenses	130,544	10,229
- Expenses generated by the Covid-19 pandemic	50,374	874,928
- Other operational expenses	1,561,867	1,097,348
<b>Total</b>	<b>28,982,846</b>	<b>27,034,790</b>

In quarter II 2021 such expenses increased 1,948,056 compared to quarter II 2020, mainly determined by the variation of certain expense items such as:

- Higher royalty and rent expenses (because the annual royalty quantum grew from 0.1% to 0.4% in accordance with the provisions of Law 244/09.11.2020 amending the Electricity and natural gas law 123/2012), higher expenses with Teletrans' maintenance, travel, merchandise and protocol expenses, etc.;
- Diminished (net) expenses regarding provisions for other operational expenses, taking into account the provisions constituted for ENERGOBIT SA were resumed into revenues.

	<b>Semester I 2021</b>	<b>Semester I 2020</b>
Other expenses for services provided by third parties	35,245,394	31,627,525
Postal expenses and telecommunication rates	353,514	393,549
Royalties and rent expenses	2,651,384	678,027
(Net) operational expenses with impairment allowances for current assets	287,702	280,233
Other expenses, of which:	27,157,243	20,167,188
- (Net) expenses regarding provisions for other operational expenses	(8,064,401)	595,793
- Expenses regarding OAVT-s acc. to court ruling	9,419,836	-
- Expenses with taxes and charges (ANRE fee, tax on natural monopoly, other local taxes and charges)	12,352,910	9,869,060
- Expenses for fines and penalties, mainly from disputes	2,849,806	3,938
- Expenses for international subscriptions	2,830,707	2,654,501
- Other operational expenses, fiscally non deductible	1,644,009	13,237
- Travel expenses	1,400,386	894,919
- Expenses for procured natural gas	649,125	593,090
- Personnel transportation expenses	645,769	422,482
- Merchandise expenses	439,337	139,931
- Expenses, electricity procured for administrative consumption	295,628	1,544,008
- Expenses for insurance premiums	254,895	335,508
- Expenses with bank services and assimilated	220,705	308,171

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

- Protocol expenses	200,168	41,269
- Expenses generated by the Covid-19 pandemic	81,556	1,049,014
- Other operational expenses	1,936,807	1,702,267
<b>Total</b>	<b>65,695,237</b>	<b>53,146,522</b>

In semester I 2021 such expenses increased 12,548,715 compared to semester I 2020, mainly determined by the variation of certain expense items such as:

- Expenses for OAVT-s paid under enforceable court rulings were registered (performance bonus associated to OAVT Certificates granted to former executive and non-executive members and not capitalised, remuneration according to the mandate contracts concluded in 2013 – 2017);
- Higher tax and charge expenses taking into account in February 2021 a sum of 2,140,264 was registered representing value added tax expenses not admitted for deduction in 2014-2016, according to the Fiscal Inspection Report F-MC18/16.02.2021 and to Taxation decision F-MC 22/16.02.2020 with respect to main fiscal liabilities associated to the differences between the taxation bases established under fiscal inspections to legal persons, issued by ANAF, General Directorate for Large Tax Payers Administration. The Company constituted provision for the amount paid, which upon payment was cancelled, being resumed into revenues;
- In March 2021 a fine of 2,845,587 (582,086.31 Euro) and the legal penalising interest for the principal debt, calculated as of 11.06.2014 until 24.03.2021, amount paid to Subsidiary OPCOM, which we can provide the following details for: Civil ruling 614 of 16.03.2021 by the ICCJ, Section II Civil denied the appeal filed by CNTEE Transelectrica SA against Ruling 1813/2018, pronounced by the Appeal Court Bucharest under file 40814/3/2014\*, thus constituting the enforceable title; sentence 4275/24.06.2015 pronounced by Bucharest Tribunal under file 40814/3/2014 is final. Thus the Company paid 2,845,587 Lei (582,086.31 Euro) to subsidiary OPCOM SA, representing the amount paid by claimant OPCOM SA instead of the defendant (the Company) from the total value of the 1,031,000 Euro fine applied by European Commission Decision of 05.03.2014, with respect to a procedure initiated under article 102 of the Treaty regarding the operation of the European Union in case AT.39984. The fore-mentioned EC decision provided as such: *“Article 1 – CNTEE Transelectrica SA and its subsidiary SC OPCOM SA have perpetrated single and continuous trespass of article 102 of the treaty from 30 June 2008 until at least 16 September 2013 in form of discrimination, since they have requested the Union traders intending to participate to Romania’s Day-Ahead Market and Intraday Market of electricity to get registered for VAT purposes in Romania.*  
*Article 2 – For the trespass mentioned in article 1, enterprises CNTEE Transelectrica SA and SC OPCOM SA are applied 1,031,000 Euro fine, they being jointly liable to pay the entire fine...”*  
The Company had constitute provision as far back as 2015 for the amount paid, which provision was cancelled on payment being resumed into revenues.
- Higher royalty and rent expenses (because the annual royalty quantum grew from 0.1% to 0.4% in accordance with the provisions of Law 244/09.11.2020 amending the Electricity and natural gas law 123/2012), higher expenses with Teletrans’ maintenance, civil protection & guard; higher travel expenses, merchandise and international subscription expenses, etc.;
- Diminished (net) expenses with provisions for other operational expenses, taking into account the provisions constituted for ANAF, OPCOM SA, ENERGOBIT SA etc. were resumed into revenues.

**18. Net financial result**

	<b>Quarter II 2021</b>	<b>Quarter II 2020</b>
Interest revenue	734,905	2,023,928
Revenues from exchange rate differences	913,450	375,612
Other financial revenues	22,837	2,974
<b>Total financial revenues</b>	<b>1,671,192</b>	<b>2,402,514</b>
Interest expense	(1,057,972)	(1,874,429)
Expenses from exchange rate differences	(1,082,610)	(845,805)
<b>Total financial expenses</b>	<b>(2,140,582)</b>	<b>(2,720,234)</b>
<b>Net financial result</b>	<b>(469,390)</b>	<b>(317,720)</b>

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

	<b>Semester I 2021</b>	<b>Semester I 2020</b>
Interest revenue	1,363,786	3,736,316
Revenues from exchange rate differences	2,079,076	1,182,844
Other financial revenues	47,202	29,178
<b>Total financial revenues</b>	<b>3,490,064</b>	<b>4,948,338</b>
Interest expense	(2,189,257)	(4,061,747)
Expenses from exchange rate differences	(3,151,557)	(2,791,337)
<b>Total financial expenses</b>	<b>(5,340,814)</b>	<b>(6,853,084)</b>
<b>Net financial result</b>	<b>(1,850,750)</b>	<b>(1,904,746)</b>

On 30 June 2021 the Company registered net financial result (loss) amounting to 1,850,750, being 53,996 smaller than that recorded in the same period of 2020. It was mainly influenced by the development of the national currency's exchange rates with the hard currencies the Company has contracted bank loans to finance its investment plans (Euro).

The national currency's exchange rate recorded on 30 June 2021 compared to that registered on 30 June 2020 was the following:

<b>Currency</b>	<b>30.06.2021</b>	<b>30.06.2020</b>
Lei / Euro	4.9267	4.8423
Lei / US Dollar	4.1425	4.3233

**19. Disputes and contingencies***i) Disputes in progress*

The governance team regularly analyses the ongoing disputes, and after consulting with legal representatives decides the need to create provisions for the amounts involved or their mention in the financial statements.

Taking into account the existing information the Company's management believes there are no significant ongoing disputes in which the Company is defendant, except for the following ones:

**• NATIONAL AUTHORITY FOR NUCLEAR ACTIVITIES**

On the docket of Mehedinti Tribunal, Civil Section II, Administrative and Fiscal Disputes Section file no. 3616/101/2014 was recorded, involving the "claims in the amount of 1,090,831.70, value of invoice no. 1300215/31.12.2013", a file in which the Company is defendant and plaintiff being the National Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10 October 2014 by Mehedinti Tribunal admitted the request filed by plaintiff RAAN and ordered CNTEE Transelectrica SA to pay the amount of 1,090,831.70 Lei, the value of invoice 1300215/31.12.2013.

The Company filed appeal and requested the Law Court to decide in the ruling to be pronounced to admit the appeal as filed, to cancel the decision and sentences appealed against, refer the case to the territorial competent court for judgment, and to ascertain fulfilment of requirements from articles 1616-1617 of the Civil Code, reason for which it was also required to declare the occurrence of mutual debts compensation and their redemption up to the smallest amount among them, namely the total amount requested by the plaintiff in the application for summons, ordering the appeal - plaintiff to pay the expenses made with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided to reverse decision 843/2015 and to remand the case for retrial to the same court, the Appeal Court Craiova.

Ruling 124/2017 of the Appeal Court of Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinti Tribunal, while the case was referred for retrial to Bucharest Tribunal, Section VI Civil. On the docket of the Bucharest Tribunal the case was registered under no. 40444/3/2017 which by civil ruling 4406/04.12.2017 admitted the request filed by RAAN and ordered Transelectrica to pay the amount of 1,090,831.70 Lei. The sentence was appealed against. Hearing term was established on 13.12.2018.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

In 2014-2015 the Company withheld for payment the bonus owed to RAAN under the support scheme according to the provisions of ANRE regulations, namely article 17 para 5 from Order 116/2013 of ANRE president.

Under such circumstances RAAN calculated penalties for late payment of the due cogeneration bonus amounting to 3,496,914, withheld from the payment by the Company on account of non-cashed receivables. The Company refused paying the amount of 3,496,914 and did not register it as liability in the support scheme.

File 9089/101/2013/a152 pertains to contesting the additional Receivables Table against debtor RAAN, the litigated amount being 89,360,986 Lei.

Transelectrica SA was recorded in the table of debtor RAAN with only 11,264,777 Lei, under receivables resulting from continued activities of such debtor but the amount the Company requested was 89,360,986 Lei. The sum of 78,096,209 Lei was not registered in the preliminary receivables table because "it does not appear as owed amount in the accounting books of RAAN". Moreover the judiciary liquidator considered the request to register in the table the sum of 78,096,209 Lei has been executed late as it pertained to 2011 – 2013, for which reason the receivable statement should have been made when the insolvency procedure had been instituted, namely on 18.09.2013. Contestation of the preliminary Receivables Table was submitted within the legal term and Mehedinti Tribunal admitted the accounting expertise evidence.

On the 14.06.2018 term case judgment was suspended until settlement of file 3014/2/2014 found on the docket of the ICCJ, and on 14.02.2019 Mehedinti Tribunal decided joining file 9089/101/2013/A152 to file 9089/101/2013/a140 (pertaining to claims – payment request). Thus file judgment was postponed because the court considered it useful for case settlement to submit Civil ruling 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file 3014/2/2014, with respect to cancelling decision 743/2014 of ANRE President.

The settlement of Mehedinti Tribunal by Ruling 163 / 20.06.2019 was: It admitted the exception of decline. It partly admitted the main issue and associated contestation. It compelled defendant RAAN to pay to claimant Transelectrica the amount of 16,950,117.14 Lei accrued during the procedure, judging to record it in the creditors' table constituted against debtor RAAN. The other associated demands were denied. In accordance with article 453 para 2 from the Civil Procedural Code it compelled the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right was granted. It was pronounced at public hearing; Document Ruling 163/20.06.2019.

On the 06.11.2019 term the Appeal Court Craiova denied the appeal of Transelectrica as groundless. Final decision pronounced under ruling 846/06.11.2019.

Transelectrica filed review request for contradictory rulings, registered under file 1711/54/2019 with hearing term on 25.03.2020 in the Appeal Court Craiova, which will refer the file to the High Court of Cassation and Justice for competent settlement.

On 21.05.2020 the case was taken out of the docket under the following settlement: the exception of material incompetence of the Appeal Court Craiova was admitted and the decision was taken to refer the case to ICCJ, Administrative and Fiscal Disputes Section; Ruling 140/21.05.2020; Term 03.02.2021.

On the hearing term on 03.02.2021 ICCJ admitted the exception of tardive review request and did no longer pronounce about its inadmissibility.

There are other 4 files under different court stages between RAAN and Transelectrica.

Under RAAN's bankruptcy file 9089/101/2013 Mehedinti Tribunal established on 08.10.2020 and 04.02.2021 to defer the case. Settlement in brief: a term was granted to continue liquidation procedures, to represent the debtor's interests in the disputes found on the dockets of law courts, to consolidate the creditors' list, to continue measures to recover receivables, to continue public auctions pertaining to capitalising the debtor's assets.

The following term was established on **14.10.2021**.

### **• COURT OF AUDIT**

Following an inspection performed in 2013, the Court of Audit issued several measures to be implemented by the Company as a result of some deficits, which were detected upon such control. The decision and protocol issued by the Court of Audit have been appealed before the Appeal Court of Bucharest, file 1658/2/2014 being constituted, pertaining to "cancellation of control deeds" – Conclusion 7/20.02.2014 issued by the Court of Audit.

On 13.06.2018 the claimant's suit was partly admitted. It cancelled a part of conclusion 7/20.02.2014, decision 37/9.12.2013 and the audit report 35521/6.11.2012 issued by the defendant with respect to the measures in the above decision indicated in points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure of pt. II.13, meaning to remove the phrase "including what has been found about the invoices issued by FLOREA ADMINISTRARE IMOBILIARA SRL".

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

The court rejected the remainder of the claimant's request as groundless. It standardised the electric power expertise report executed for this case by expert Toaxen Vasile. It compelled the defendant to pay 121,375 Lei law suit expenses to the claimant (partially expert fees and judiciary stamp tax). Document: Ruling 2771/13.06.2018.

In the public hearing of 21.10.2020 the appeals filed by the claimant and the defendant against ruling 2771 of 13 June 2018 from CAB, Section VIII, Administrative & fiscal disputes were denied as groundless; final.

As result of an audit conducted in 2017 the Court of Audit issued certain measures to be implemented by the Company as it ascertained certain deficits. CNTEE Transelectrica SA filed 8 contestations against the measures decided by Romania's Court of Audit (CCR) by Decision 8/27.06.2017, requesting their cancellation as well as cancelling the Conclusion 77/03.08.2017, registered in the Company under number 29117/08.08.2017, and the Audit Report 19211/26.05.2017. Contestations are under settlement: On the docket of the Appeal Court Bucharest (2 files: 6576/2/2017 on cancelling the findings from items 7.1, 7.2 and 8, as well as the measure decided in item II.10, term on 20.01.2021, settlement: the inadmissibility exceptions invoked by request were denied, the request was denied as groundless and file 6581/2/2017 on cancelling the findings from item 6, and the measure decided in item II.9, hearing term on 17.09.2021); on the docket of the High Court of Cassation and Justice (4 files: 6577/2/2017 on cancelling the findings from item 13, and the measure decided in item II.13, turned into file 1614/1/2020, hearing term set on 27.01.2022; file 6578/2/2017 on cancelling the findings from item 9 and the measure decided in item II.11, hearing term on 08.06.2022; file 6574/2/2017 on cancelling the findings regarding item 5.2 and the measure decided in item II.8, hearing term on 19.10.2021). Three files were settled for good by the Appeal Court Bucharest's denial of the cancellation request and recourses denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings regarding item 5.1 and the measure decided in item II.7 and II.8 and file 6582/2/2017 on cancelling the findings regarding item 11, and the measure decided in item I.5; file 6580/2/2017 on cancelling the findings regarding item 10 and the measure decided in item II.12).

In January-July 2020 Romania's Court of Audit performed control to all the Territorial Transmission Units of CNTEE Transelectrica, and in 25.05-27.08.2020 the check continued in the Company's executive branch. CCR's control pertained to "control of the situation, development and administration of the state's public and private domains and of the legality of revenues obtained and expenses made in 2017-2019" within CNTEE Transelectrica SA.

Such inspection on the fore-mentioned topic began on 25.05.2020 in the Company's executive branch but CCR suspended it to initiate a different audit to "control the management of public resources during the emergency state". This began on 02.06.2020 and ended on 26.06.2020.

The Audit Report executed by CCR auditors about the "control on the management of public resources during the emergency state", registered under number 24225/26.06.2020 in the Company, ascertained no deficiency, consequently no Decision was issued with measures to be applied.

When the inspection with respect to the administration of the state's public and private domains, and to the legality of revenues obtained and expenses made in 2017-2019 ended on 06.10.2020, Audit Report 40507/06.10.2020 was issued and on 09.11.2020 Romania's Court of Audit issued Decision 15 through Department IV, which contained 10 measures to be applied by 31.05.2021.

The Company filed objections and submitted Contestation 50090/26.11.2020, registered under number 139775/26.11.2020 at the Court of Audit's, requesting cancellation of such measures. CCR auditors examined and studied the Contestation submitted by the Company and issued Conclusion 2 of 10.03.2021 admitting cancellation of one measure of the 10 decided.

The Company's Contestation is under settlement by the Appeal Court Bucharest.

### **• ANRE**

CNTEE Transelectrica SA filed complaint against Order 51/26.06.2014 of ANRE President, registered with ANRE under no. 47714/4.08.2014, and a contestation before the Appeal Court Bucharest under file 4921/2/2014, requesting either the amendment of the aforementioned Order or the issuance of a new one, which should recalculate the RRR value at the level of 9.87% (recalculated with a ( $\beta$ ) coefficient of 1.0359, according to the internal analyses conducted by Transelectrica) or, should this complaint be rejected, using the same percentage of 8.52% set by ANRE for 2013 and in semester I of 2014.

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancelled annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken for the calculation of the regulated rate of return (RRR) by ANRE according to the Methodology establishing the tariffs of electricity transmission services approved by ANRE Order 53/ 2013 ("Methodology") determined the RRR at 7.7%.

On the 27.03.2018 term the expert fee placed on the claimant's behalf was paid and a letter will be sent to the expert in order to execute the agreed expertise report and submit it to the file.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

---

On 25.09.2018 the settlement in brief was to resume the letter to the expert with a view to make the expertise report and submit it to the file, in order to prove it is impossible to submit the expertise report by the hearing term, in which respect it decided postponing the case.

At the hearing term on 22.01.2019 the court agreed in principle the accessory intervention request to the defendant's interest (ANRE), expressed by intervenient ALRO SA, appeal granted with the principal issue. On 25.06.2019 the decision was taken to postpone the case to enable the parties to get acquainted with the content of the expertise report and a new hearing term was set on 10.09.2019.

On the 10.09.2019 term taking into account the request of the claimant's representative to get acquainted with the content of objections filed by the intervenient and to be able to answer them, considering also the claimant has equally submitted meeting notices accompanied by writs requiring translation, it admitted the case postponement request and decided setting a new hearing term on 03.12.2019.

On the 03.12.2019 term the decision was to postpone the case and set a new hearing term in order to resend letter to the expert to submit his answers to the objections made to the file, mention should be made he was to appear in court at the next hearing term. It will draw the expert's attention to submit a copy of his answer to objections to each party before the hearing term.

On the next term in 12.05.2020 the file was suspended during the entire emergency period.

On 23.06.2020 the case was deferred to enable the parties to get acquainted with the answer to objection. Also on the 21.07.2020 term the case was deferred with this settlement: letter to the expert to show up in court.

On 06.10.2020 the request was denied with the following settlement in brief: the exception of inadmissibility was denied as groundless. The suit was denied as groundless; appeal within 15 days from notification. It was pronounced by placing the settlement at the parties' disposal by the court clerk; Ruling 362/2020.

On 16.11.2020 the case was deferred. Settlement in brief: In accordance with article 230 of the Civil Procedural Code, the 17.11.2020 hearing term is changed ex officio to 11.01.2021. It decided notifying the parties a copy of the term changing conclusion; appeal right was granted with the substance issue.

On the 11.01.2021 term the settlement in brief was the following: it admitted the request to complete the device. It decided completing the device for civil sentence 362/06.10.2020 was decided with settlement on the accessory intervention request, meaning that: it admitted the accessory intervention request of intervenient ALRO SA to support defendant ANRE; appeal right within 15 days from notification, to be submitted to the Appeal Court Bucharest. It was pronounced on 11.01.2021 by placing the settlement to the parties' disposal by means of the court clerk.

Mention should be made this dispute has not impacted the relationship with ANRE or the Company's financial results.

### **• OPCOM**

On 24.11.2014 the Electricity and Natural Gas Market Operator OPCOM SA summoned the Company in order to compel it paying 582,086 Euro (2,585,162 Lei at the National Bank of Romania's exchange rate of 24.11.2014), representing the amount paid by it as fine, from the total fine amount of 1,031,000 Euro, which was included in file **40814/3/2014**.

Previously the Shareholders' General Assembly of Subsidiary OPCOM SA had decided on 10.06.2014 to pay in full the fine amounting to 1,031,000 Euro imposed by the Directorate General for Competition, European Commission for breaching Article 102 of the Treaty on the European Union Functioning, according to Decision AT 39984 in the antitrust case AT 39984.

Also OPCOM SA requested the court to order the Company to pay the amount of 84,867.67 Lei as legal interest related to the period 11.06.2014 – 24.11.2014, plus legal expenses amounting to 37,828 Lei.

The action filed by the subsidiary SC OPCOM SA is subject of file 40814/3/2014 on the docket of Bucharest Tribunal, Section VI Civil, involving claims, dispute with professionals.

At the hearing session on 24.07.2015 the court admitted the summons filed by claimant Gas and Electricity Market Operator OPCOM SA in contradiction with the National Power Grid Company Transelectrica SA and compelled the defendant to pay 582,086.31 Euro to the claimant representing the amount which the claimant paid instead of the defendant from the fine amounting to 1,031,000 Euro applied by the European Commission's Decision of 05.03.2014 in case AT.39984, as well as associated legal interest to 582,086.31 Euro, calculated as of 11.06.2014 until actual payment. Also the court compelled the defendant to pay 37,828 Lei to the claimant as law suit expenses; appeal right granted within 30 days from notification. Transelectrica SA filed appeal against sentence 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

The Appeal Court's settlement in brief: It admitted the appeal, changing entirely the civil ruling appealed against, meaning it denied the summons as groundless. It compelled the recurrent-claimant to pay law suit expenses amounting to 16,129 to the

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

defendant, representing judiciary stamp fee. Appeal right granted within 30 days from notification. It was pronounced at public hearing on 10.10.2016. Document: Ruling 1517/2016 / 10.10.2016.

OPCOM SA filed appeal, which was registered with the High Court of Cassation and Justice.

Hearing term with the ICCJ: 13.03.2018. ICCJ settlement in brief: It admitted in principle the appeal filed by the recurrent-claimant Gas and Electricity Market Operator OPCOM SA against decision 1517/10.10.2016 pronounced by the Appeal Court Bucharest, Section V Civil. It cancelled the decision appealed against and referred the case for new judgment to the appeal court; final.

On the 01.10.2018 hearing term the Appeal Court Bucharest decided denying the appeal as groundless and compelling the respondent in appeal-defendant to pay 26,070.31 Lei as law suit expenses to the respondent in appeal-claimant. Appeal right was granted within 30 days from notification.

On 27.11.2018 CNTEE Transelectrica SA filed appeal, which is under screening with ICCJ.

ICCJ settlement on 30.06.2020 was the following: the parties will be notified the report on the principle admissibility for the recourse filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil, specifying they were entitled to submit an opinion to the report within 10 days from notification.

On 10.11.2020 ICCJ settlement was: in principle the appeal was admitted as filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest.

On the 16.03.2021 term the judge panel denied as groundless Transelectrica's appeal against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; final.

In 2014 the Company registered a provision amounting to 2,670,029 Lei for the dispute with Subsidiary OPCOM SA.

File **17765-3-2019** pertains to compelling defendant OPCOM SA to pay 4,517,460 Lei according to TEL invoice series 16 AAA 19533/29.07.2016, representing VAT amount to the contribution of CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under Loan Contract 7181RO/2003, a commitment to finance the investment 'Electricity Market Project'; compelling OPCOM SA to pay 1,293,778.27 Lei according to invoices TEL 19 T00 17/28.01.2019 and TEL 19 T00 131/10.07.2019 representing penalty legal interest calculated for the failure to pay in due term invoice series TEL 16 AAA 19533/29.07.2016.

The amount of 4,517,460 Lei is principal debit under petition 1 of this case and it represents the VAT associated to the share capital indexation of OPCOM SA by contribution in kind, substantiated by intangible assets received as corresponding to stage I A and stage II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

On the 27.09.2019 hearing term the exception of inadmissibility and the exception of prescription were denied as groundless. It denied the request as groundless. It denied as groundless the creditor's request to compel the debtor paying the law suit expenses. Cancellation request granted within 10 days from notification, such cancellation request was to be submitted to Bucharest Tribunal, Section VI Civil.

On 22.11.2019 under file **34249/3/2019**, settlement in brief: Taking into account the provisions of article 94 para 3 from Internal Order Regulation of Law Courts, approved by CSM decision 1375/2015, according to which the appeal modes declared against the same ruling are settled by the initial panel and taking into consideration both the creditor and the debtor filed cancellation requests against the hearing conclusion 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decided referring this file to settlement by the first panel assigned with settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely Panel 11 AO initially attributed file 34022/3/2019 with respect to cancellation request. Cancellation request were registered under file **34022/3/2019**, with hearing term on 11.03.2020. Settlement in brief: lawfully suspended according to article 63 para 11 of annex 1 to Decree 240/2020 of Romania's President regarding the emergency state extended on Romanian territory.

On the 06.05.2020 term settlement in brief: It was lawfully suspended according to article 63 para 11 of annex 1 to Romania's President's Decree 240/2020 regarding the emergency state extended on Romanian territory.

TMB settlement to the request for cancellation: on the 17.11.2020 term it denied both cancellation requests as groundless. It denied as groundless both parties' requests to compel payment of law court expenses; final. It was pronounced by placing the sentence to the parties' disposal by the court clerk; Document: Ruling 2221/2020 / 17.11.2020.

## **• CONAID COMPANY SRL**

In 2013 Conaid Company SRL summoned CNTEE Transelectrica SA for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensations for the expenses incurred up to that date



## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

amounting to 17,419,508 Lei and for unrealised profits in 2013-2033 amounting to 722,756,000 EUR. To date the Company has not concluded an addendum to the connection contract because the suspensive terms included in the contract were not complied with by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, expiry date of the technical connection endorsement. File 5302/2/2013 was found on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, and pertained to an obligation to issue an administrative deed; law court stage – appeal and hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and set a hearing term of such appeals, for the main issue, on 08 April 2016. Panel 4 was entrusted to summon the parties.

Case judgement was deferred to 17.06.2016, when the court postponed pronouncement to 29.06.2016, when it pronounced Ruling 2148/2016 whereby it decided as follows: “It denies the exceptions invoked by the recurrent-claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and civil ruling 1866 of 11 June 2014 pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It cancels the contested conclusion and partly the ruling and refers the case to Bucharest Tribunal, Section VI Civil to settle the claimant’s case in contradiction with the National Power Grid Company Transelectrica SA. It maintains the other ruling provisions as regards the claimant’s suit against the National Regulatory Authority in the Energy domain. It denies the appeals filed by claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the intervenient SC Duro Felguera SA against civil ruling 1866 of 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It denies the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 25 March 2014, pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes; final”. It was pronounced at public hearing on 29 June 2016.

The case was registered under file 12107/3/2017 on the docket of Bucharest Tribunal. The Tribunal’s civil sentence 4364/23.11.2017 admitted the exception of inadmissibility and denied the request as inadmissible. It also denied the intervention request on the claimant’s behalf. Appeal right was granted within 30 days from notification. The appeal was filed to the Appeal Court Bucharest, Section VI Civil and the court clerk office notified it on 23.11.2017.

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil new summons were filed by Conaid Company SRL under file 36755/3/2018, by which the claimant requested the court to compel Transelectrica SA to “repair the prejudice caused to the claimant as a result of the defendant’s culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and unrealised benefit, provisionally estimated at 100,000 Euro... taking into account the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract C154/27.04.2012, and in case the instance deem in formal terms the claimant’s obligation of suspensive terms cannot be considered as fulfilled, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented the compliance with the terms”.

On the 15.10.2019 term it denied as groundless the exceptions of absence of active processual capacity and absence of interest. It joined the exception of prescription to the main issue; appeal right on the same date with the main issue. It was pronounced by placing the settlement to the parties’ disposal by means of the court clerk.

It established the term on 26.11.2019 to continue investigating the case and summon the parties; appeal right on the same date with the main issue. It was pronounced by placing the settlement to the parties’ disposal by means of the court clerk.

It was deferred to provide the expertise evidence and a new term was established on 21.01.2020.

On 21.01.2020 the case was deferred for expertise and the next term was set on 31.03.2020.

On the 31.03.2020 term the settlement in brief was: It was lawfully suspended as per article 42 para 6 of Decree 195/2020 of Romania’s president instituting the emergency state on Romanian territory, during the entire emergency state.

The new hearing term was established on **14.09.2021** to provide the expertise evidence.

### **• FF WIND ENERGY INTERNATIONAL SRL**

File **47332/3/2017** on the docket of Bucharest Tribunal, Section VI Civil, whereby Company FF Wind Energy International SRL requests in contradiction with CNTEE Transelectrica SA: cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295; compelling the Company to pay 32,777,167.35 Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

On the hearing term of 28.12.2018 the court denied the summons as filed for being groundless. It acknowledged the defendant has not requested law suit expenses; appeal right granted within 30 from notification. In accordance with article 425 para 3 and

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

article 471 para 1 of the Civil Procedural Code, the appeal and its grounds are submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3891/ 28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was judged on 18.06.2019, but pronouncement was deferred to 23.07.2019, when the settlement in brief was the following: "It denies the appeal as groundless; appeal right granted within 30 days from notification. The appeal files to be submitted to the Appeal Court Bucharest, Section VI Civil, pending nullity. It was pronounced at public hearing. Document: Ruling1191/23.07.2019".

FF Wind filed appeal, which is under screening with the High Court of Cassation and Justice.

Term: 12.05.2020 - Settlement details: the parties were notified the report on the principle admissibility of the appeal filed by claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest, Section VI Civil, specifying they are entitled to submit an opinion about the report within 10 days from notification.

On the hearing term of 13.10.2020 settlement was the following: screening - it admitted in principle the appeal with the following details: the exception of appeal nullity claimed by the intimated-defendant CNTEE Transelectrica SA by contestation was denied. It admitted in principle the appeal filed by claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest.

On the 26.01.2021 hearing term the settlement was on deferring the case to 30 March 2021.

On the hearing term of 30 March 2021 the settlement consisted in deferring the case to **14 September 2021**.

### **• ROMENERGY INDUSTRY**

File **2088/107/2016** on the docket of Alba Tribunal pertained to "Bankruptcy & request to be admitted in the creditors' list". Transelectrica filed request to be recorded in the creditors' list with 16,112,165.18 mill Lei; the receivable was admitted and recorded in the preliminary Table.

Settlement in brief: It established the term on 14.10.2019 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables. The judiciary liquidator was to execute and submit to the file: - every 15<sup>th</sup> day of the month the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term the synthetic report of 120 days, provided in the final part of para 3 of article 59, Law 85/2014.

On the hearing term of 27.01.2020 the verification term was set on 11.05.2020, to continue the bankruptcy procedure by capitalising the goods and recovering the assets. The judiciary liquidator was to execute and submit to the file: - every 15<sup>th</sup> day of the month the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term the synthetic report of 120 days, provided in the final part of para 3 of article 59, Law 85/2014.

On 11.05.2020 judgment was lawfully suspended during the emergency state instituted on Romania's territory.

On the 22.06.2020 term the case was deferred. Settlement in brief: the report on the funds obtained by liquidating the debtor's assets and the 03.06.2020 distribution plan were approved.

On the 05.10.2020 term the case was deferred. Settlement in brief: a term was set on 18.01.2021 to continue the bankruptcy procedure by capitalising the debtor's assets. The judiciary liquidator will execute and submit to the file: - every 15<sup>th</sup> day of the month, the monthly activity reports of the preceding month as provided in para 1 of article 59 from Law 85/2014; - 5 days before the verification term, the synthetic report of 120 days provided in the final part of para 3 of article 59, Law 85/2014.

On the 18.01.2021 the case was deferred. Settlement in brief: It approved Report 1334 on the funds obtained by liquidating the debtor's assets and Plan 1335 to distribute the funds.

The next term was set on **27.09.2021** to continue the bankruptcy procedure by capitalising the assets and recovering receivables.

### **• RESITA CITY**

File **2494/115/2018\*** registered on the docket of Caras Severin Tribunal pertains to summons whereby the claimant Resita City requests compelling defendant Transelectrica SA to pay the following amounts:

- 2,129,765.86 Lei representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 Lei representing land rent for 2016;
- 2,129,765.86 Lei representing land rent for 2018;
- Legal penalising interest from due date until actual payment;

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

Settlement in brief: It admitted the exception of territorial incompetence for Caras Severin Tribunal. It declined the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant CNTEE Transelectrica SA in favour of Bucharest Tribunal. No appeal according to article 132 para 3 Civil Procedural Code. It was pronounced at public hearing on 11 March 2019. Document: Ruling313/11.03.2019.

On the hearing term of 25.10.2019 the exception was admitted of territorial incompetence of Bucharest Tribunal. It declined the settlement competence of this case in favour of Caras-Severin Tribunal. It ascertained the occurrence of a negative competence conflict between Bucharest Tribunal and Caras-Severin Tribunal. It suspended the case and referred the file to the High Court of Cassation and Justice, in order to settle the negative competence conflict. No appeal was granted; pronouncement will take place by placing the settlement at the parties' disposal through the court clerk by Ruling 2376/25.10.2019.

On the 16.07.2020 term the High Court of Cassation and Justice by ruling 1578 established the case settlement competence in favour of Caras Severin Tribunal, Section I civil.

File **2494/115/2018\*\***, term: 16.11.2020 at Caras Severin Tribunal.

On the 16.11.2020 term the court deferred the case and granted time for study of writs submitted to the file on this hearing term by the representative of CNTEE Transelectrica SA, establishing a new hearing term on 22.03.2021.

On the 22.03.2021 term the settlement in brief was: it suspended the summons filed by claimant Resita City by means of the Mayor in contradiction with defendant the National Power Grid Company Transelectrica SA, pertaining to claims in accordance with article 413 para (1) pt. 1 Civil Procedural Code. Appeal right was granted during the entire suspension of file judgment at the higher court.

### **• ANAF**

In 2017 the general fiscal inspection ended which began in Transelectrica SA on 14.12.2011, a control targeting the December 2005 – December 2010 interval.

Such general fiscal audit began on 14.12.2011 and ended on 26.06.2017, date of final discussions with Transelectrica SA.

When this audit has been completed ANAF – DGAMC established additional fiscal obligations payable by the Company, namely income tax and VAT, as well as accessory fiscal liabilities (interest/delay indexations and penalties) with respect to technological system services (STS) invoiced by energy suppliers, considered non-deductible after the fiscal audit.

In accordance with the taxation decision F-MC 439/30.06.2017, in total sum of 99,013,399 Lei, ANAF – DGAMC established additional fiscal liabilities payable by the Company, amounting to 35,105,092 Lei, as well as accessory fiscal ones (interest/delay indexations and penalties), amounting to 63,908,307 Lei.

In the main ANAF's Tax inspection report records the following additional payment liabilities: corporate tax amounting to 13,726,800 plus accessories, owed for a number of 123 unused invoices identified as missing (they were destroyed in the fire that broke out the night of 26-27 June 2009, at the business office from Millennium Business Centre from 2-4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

These invoices were subject to a dispute with ANAF, the latter sending a tax inspection report on 20 September 2011 which estimated the amount of collected VAT for a number of 123 unused invoices identified as missing.

The Company filed contestation against Taxation Decision F-MC 439/30.06.2017 within the legal term according to OG 92/2003 on the Civil Procedural Code.

ANAF issued the enforcement title 13540/22.08.2017 based on which the additional payment liabilities were executed as established under the Taxation Decision F-MC 439/30.06.2017.

Compania a solicitat anularea titlului executoriu nr. 13540/22.08.2017 la Curtea de Apel – File 7141/2/2017. Settlement in brief: The Company requested cancellation of the enforcement title 13540/22.08.2017 from the Appeal Court, under file 7141/2/2017. Settlement in brief: it admitted the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declined the material competence of case settlement in favour of Law Court of Bucharest 1; no appeal granted. It was pronounced at public hearing on 08.02.2018. Document: Ruling 478/2018 din 08.02.2018.

After such declination of competence file **8993/299/2018** was registered on the docket of Law Court of Bucharest 1 whereby the Company contested the enforcement made under the enforcement title 13540/22.08.2017, based on the Taxation Decision F-MC 439/30.06.2017.

After the Company's contestation of the fiscal administrative deed Decision F-MC 439/30.06.2017 ANAF notified the Company Decision 122/13.03.2018 whereby it rejected as groundless the contestation filed by CNTEE Transelectrica SA, such decision being received on 16.03.2018, after submitting the summons under file 1802/2/2018.

Settlement in brief: It admitted the judgment suspension request filed by the contestator. In accordance with article 413 para (1) pct. 1 of the Civil Procedural Code it suspended judgment until final settlement of file 1802/2/2018, on the docket of the Appeal Court Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right was granted during the entire suspension; appeal to be submitted to the Law Court Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

Case file **1802/2/2018** is found on the docket the Appeal Court through which the Company contested the fiscal administrative document - Decision F-MC 439/30.06.2017.

On the session term 06.11.2018 the court admitted the administration of the expertise evidence, in the accounting – fiscal specific domain. Hearing scheduled for: 12.05.2020.

Pronouncement was deferred on CAB’s hearing term of 21.07.2020.

On 30.07.2020 the case was replaced again on the docket for additional explanations.

On the 20.10.2020 term the case was partly admitted with the following settlement in brief: the litis-pended requests were partly admitted; Ruling 122/13.03.2018 was partly cancelled, on settling the contestation filed against Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and the Tax audit report F-MC 222 concluded on 30.06.2017, which was used for the taxation decision, meaning: - it removed the paying liability of the income tax amounting to 18,522,280 Lei, VAT in sum of 5,694,636 Lei and fiscal accessories pertaining to such main fiscal debts in quantum of 48,436,653 Lei, fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the claimant’s books; it removed the non-deductible nature of 27,001,727 Lei when calculating the taxable income, sum representing technological system services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit and compelling the payment of main fiscal arrears and accessories on this amount; it removed the non-deductible nature of 343,629.91 Lei when calculating the taxable income, sum representing “weed-removing services” and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of 230,685.49 Lei when calculating the taxable income, sum representing expenses for promotional and protocol objects and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of VAT in quantum of 46,417.1 Lei pertaining to 343,629.91 Lei, representing “weed-removal services” and payment obligations of the main fiscal arrears and accessories of this amount; it removed the non-deductible nature of VAT in quantum of 37,693.88 Lei pertaining to 230,685.49 Lei representing expenses for promotional and protocol products and payment obligation for the main fiscal arrears and accessories of such amount; it removed the mention about obliging the Transmission Branch Sibiu of CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the audited unit was accepted to be recorded in the creditors’ table with such sum; it maintained the mention about the taxable revenue nature of 576,846.80 Lei when calculating the profit according to the provisions of article 19 para 1 of Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with item 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003, income tax chapter, namely chapter VII on the function of accounts from Order 3055 of 29 October 2009 approving the accounting regulations compliant with European directives and compelling the payment of main fiscal arrears and accessories of such sum; it removed the Minutes ascertaining the “determination of the deductible value added tax lower than that recorded by the claimant, thus resulting a difference of 13,141 Lei” (annex 15) and compelling the payment of main fiscal arrears and accessories of this amount; it removed the payment obligation for delay penalties of penalising juridical regime, calculated for more than 6 months from the inception date of the fiscal audit, regarding the main fiscal liabilities maintained by judgment in this ruling, as established by the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division. It maintained the other provisions of Taxation Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, the Taxation decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers. It denied the other litis-pended requests as groundless. It denied as groundless the request to grant court expenses as judiciary stamp tax. It compelled the defendants to jointly pay to the claimant the law court expenses amounting to 4000 Lei, representing fee for the accounting-fiscal expertise, in proportion to request admission. **Appeal right** was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest; **Ruling 382/20.10.2020**.

### • OTHERS

The Company is involved in significant disputes especially to recover trade receivables (e.g.: Eco Energy SRL , Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galati SA, National Authority of Nuclear Activities, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iasi, CET Bacau, CET Braila, CET Govora, CET Brasov, Elsaco Energy SRL, Elsaco Esco, Arelco Power SRL, Arelco Energy SRL, Inversolar Energy SA, Opcom, Menarom PEC SA Galati and others).

The Company registered allowances for value losses from clients and other disputed trade receivables, as well as for clients under bankruptcy.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

At the same time the Company is involved into disputes with former Directorate and Supervisory Board members pertaining to their mandate contracts concluded by the Company with them in 2013-2017 for the performance bonus associated to OAVT Certificates granted to them but not capitalised, a bonus provided in mandate contracts concluded in 2013 – 2017. The Company has constituted a provision for such disputes.

To date there are no other disputes that by either their nature or value could require providing significant contingent assets or liabilities for Company activities.

### ii) Contingencies

In January – June 2021 the following control was completed in the Company:

- **Control of ANAF-DGAMC**

Fiscal audit of the Ministry of Public Finance, ANAF - DGAMC which began on 20.12.2019 and targeted “*checking up the legality and conformity of fiscal returns and/or relevant fiscal inspection operations, the correctness and accuracy of achieved obligations to establish the taxation bases and main fiscal liabilities for value added tax in 01.01.2014-31.12.2016*” was suspended in the 25.09.2020 – 31.12.2020 interval.

The inspection was resumed on 04.01.2021 and ended on 16.02.2021 with the Fiscal audit report F-MC 18/16.02.2021.

When the inspection has ended ANAF – DGAMC issued Taxation decision F-MC 22/16.02.2021 and Decision of measures 4/16.02.2021, whereby it established additional main fiscal liabilities (principal debit) representing that it has not admitted deducting the value added tax of 01.01.2014 – 31.12.2016 in quantum of 2,140,264.

Also on 15.03.2021 ANAF – DGAMC issued Decision 211 regarding accessory fiscal liabilities representing interest rates and delay penalties associated to the principal debit and amounting to 1,834,396.

**When the Company has submitted the request to cancel the accessory payment liabilities according to OUG 69/2020, ANAF – DGAMC issued Decision 1031/08.04.2021 cancelling the accessory payment liabilities in quantum of 1,834,396.**

At present there are disputes on the docket with the Court of Audit about their controls performed in 2013, 2017 and 2020, provided in the Dispute chapter. Taking into account the Court of Audit’s findings recorded in its 2013, 2017 and 2020 decisions, we specified in the financial statements executed each quarter, semester and year that additional fiscal obligations are likely to occur which on the current date cannot be accurately determined according to the terms provided in Standard IAS 37 Provisions, contingent liabilities and assets.

## 20. Affiliated parties

- *Transactions with Company-held subsidiaries*

Entity	Country of origin	30 June 2021 % of shares	31 December 2020 % of shares
SMART SA *)	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA **)	Romania	-	-
OPCOM SA	Romania	97.84	97.84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA ***)	Romania	100	100

The net value of shares held by the Company in its subsidiaries was of 78,038,750 on 30 June 2021 and of 78,038,750 on 31 December 2020.

The gross value of Company’s participations into its subsidiaries is the following:

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

---

### **SMART SA**

Company SMART SA with headquarters in Blvd. Magheru 33, Bucharest 1 and central offices in the working location of Blvd. Gheorghe Sincai 3, Formenerg Building, 1<sup>st</sup> floor, Bucharest 4 has as main business execution of maintenance work for the transmission-dispatcher system. It was established under HG 710/19.07.2001 on 1 November 2001.

The Shareholders' General Extraordinary Assembly of Co. Smart SA approved by Decision 14/10.12.2014 to increase the capital of Co. Smart SA by contribution in kind, namely the value of lands which ownership certificates were obtained for.

On 30.12.2014 the Office of the Trade Register from Bucharest Tribunal settled the request to register the indexation of share capital of Co. Smart SA.

Beginning with 25.01.2016 the Office of the National Trade Register performed a change in the shareholder structure of Co. Smart SA, namely the mention about the administration of state portfolio, a change required according to article 10 of OUG 86/2014, amended and updated.

Thus on 30 June 2021 the share capital of Co. SMART SA was of 38,528,600 divided into 3,852,860 nominative shares, each worth 10 Lei, which was subscribed and fully paid by the Company.

On 30 June 2021 the structure of shareholders in Co. Smart SA was the following:

CNTEE Transelectrica SA	- number of shares:	3,852,860
	- participation quota to benefits and losses:	100%

### **TELETRANS SA**

Company TELETRANS SA with headquarters in Blvd. Hristo-Botev 16 – 18, Bucharest 3 and central offices in the working location of street Polona 68-72, Business Centre, Bucharest 1 has as main business maintenance services of process and managerial information, specific telecommunication and information technology services within RET, telephone, data transmissions and was established by AGA Decision 3/2002.

On 30 June 2021 the share capital was 6,874,430 subscribed and fully paid.

### **ICEMENERG SA**

Company Subsidiary of the Energy Research and Modernising Institute ICEMENERG SA with headquarters in Blvd. Energeticienilor 8, Bucharest 3 has as main business the research and development in physical and natural sciences, innovation, studies, development strategies, design activities, urbanism, engineering and other technical services, being established by HG 1065/04.09.2003.

In the Company's accounting books on 30 June 2021 the share capital of Subsidiary Icemenerg SA was 1,083,450 subscribed and fully paid.

\*\*\*) On 07.04.2014 the National Office of the Trade Register admitted file 121452/03.04.2014 pertaining to cancelling the Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest. Order 123/13.03.2014 (registration deed also licensing the operation) enabled recording the 'National Energy Research-Development Institute Bucharest' with the Trade Register (HGR 925/2010). The Company filed complaint against the ORC director's resolution enabling registration of cancellation for Subsidiary ICEMENERG SA Bucharest in the trade register.

Bucharest Tribunal, Section VI Civil by ruling 3569/14.07.2014 pronounced under file 15483/3/2014, where the Company was in contradiction with defendants Energy Research and Modernising Institute Icemenerg SA Bucharest and the National Energy Research-Development Institute Icemenerg Bucharest, denied the Company's complaint on grounds that HG 925/2010 was not abrogated until the cancellation date with the ORC. The Appeal Court notified on 24.02.2015 the settlement pronounced under file 15483/3/2014 namely Ruling 173/2015, denying the appeal of CNTEE Transelectrica SA as groundless, such sentence being final.

Transelectrica SA filed cancellation contestation against Ruling 173/2015 pronounced by the Appeal Court Bucharest, under file 1088/2/2015 found on the docket of the Appeal Court Bucharest, Section VI Civil, with hearing term on 13.05.2015. On 13.05.2015 Ruling 777/2015 of the Appeal Court Bucharest denied as groundless the cancellation contestation, such ruling being final.

In 2015 the Company registered impairment allowance amounting to 1,083,450 for the shares held in the Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest, which was cancelled.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

At its reunions of 28.03.2016 and 30.08.2016 AGEA did not approve reducing the share capital of CNTEE Transelectrica SA by 1,084,610 Lei, representing the share capital subscribed and paid of Subsidiary ICEMENERG SA Bucharest, by diminishing the Romanian State's participation to the share capital of CNTEE Transelectrica SA, in the application of provisions from HG 925/2010.

## **OPCOM SA**

Company OPCOM SA with headquarters in Blvd. Hristo Botev 16-18, Bucharest 3, with legal personality has as main business the organisation, administration and supervision of the energy market and was established by HG 627/2000.

On 30 June 2021 the share capital was 31,366,090, of which 8,778,790 represent share capital subscribed and fully paid. The share capital difference amounting to 22,587,300 is represented by the Company's contribution in kind, namely intangible assets: the 'Electricity trade exchange OPCOM' and the 'Regional electricity exchange OPCOM', financed from the Company's own sources and from IBRD funds and valued according to the Valuation Report 786/15.03.2016 issued by JPA Audit & Consultancy SRL.

The amendment in the articles of association of Co. OPCOM SA based on AGEA Decision 6/15.06.2016 was recorded on 11.07.2016 at ONRC according to the Registration Certificate of mentions.

On 31.12.2018 the share capital represented by indexation with the Company's contribution in kind amounting to 22,587,300 was registered in the financial statements submitted by OPCOM to AGA's approval, being specified as share capital subscribed and not fully paid.

On 13.02.2018 the Shareholders' general extraordinary assembly of Subsidiary OPCOM SA approved increasing the share capital of Company Electricity and Natural Gas Market Operator OPCOM SA ("OPCOM SA") by 678,790 Lei by contribution in kind represented by the value of land which the company obtained the land Ownership Certificate for, series M03 12899/27.02.2014 issued by the Ministry of Economy. Such contribution in kind was evaluated by an expert valuator designated by the ONRC. In exchange for the contribution in kind to the share capital the company issued to the new shareholder Romanian State through the Ministry of Economy a number of 67,879 new nominative shares of 10 Lei nominal value each.

On 20.03.2019 the Office of the National Trade Register from Bucharest Tribunal settled the registration request of share capital increase of OPCOM SA.

On 31 March 2021 the share capital of OPCOM SA was 31,366,090 Lei, representing a number of 3,136,609 nominative shares of 10 Lei each and a participation quota of 97,84% of CNTEE Transelectrica SA to benefits and losses.

## **FORMENERG SA**

Company FORMENERG SA with headquarters in Blvd. Gh. Sincai 3, Bucharest 4, with legal has as main business the initial and continuous professional training in all domains of activity for power engineering personnel, as well as for other beneficiaries and it was established by AGA Decision 33/2001.

The share capital on 30 June 2021 was 1,948,420 fully subscribed and paid.

## **ICEMENERG SERVICE SA**

Company ICEMENERG SERVICE SA with headquarters in Bucharest City 3, Blvd. Energeticienilor 8 has as main business the concept, production, implementation, repair, modernisation and marketing in the country and abroad apparatuses, equipment, and specific installations.

HG 2294/09.12. approved the transfer of the package of shares held by the Trading Company Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest in the Trading Company Subsidiary ICEMENERG-SERVICE SA Bucharest to the National Power Grid Company Transelectrica SA.

The Company registered in 2016 impairment allowance amounting to 493,000 for the shares held in Subsidiary ICEMENERG SERVICE SA.

On 09.06.2017 Bucharest Tribunal, Section VII Civil ordered the bankruptcy by simplified procedure of debtor Company Subsidiary ICEMENERG SERVICE SA, designating Solvendi SPRL as provisional judiciary liquidator.

The share capital on 30 June 2021 was 493,000 subscribed and fully paid.

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

The balances of Company-held subsidiaries are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
SMART SA	499,564	347,748	9,068,393	8,265,157
TELETRANS SA	94,178	140,261	13,248,865	11,531,976
FORMENERG SA	-	-	-	-
OPCOM SA	72,532,105	63,087,051	65,300,410	55,153,620
<b>TOTAL</b>	<b>73,125,847</b>	<b>63,575,060</b>	<b>87,617,668</b>	<b>74,950,753</b>

\*) Trade receivables are provided at gross value.

The transactions performed with Company Subsidiaries are detailed as follows:

AFFILIATED ENTITY	Sales			
	Quarter II 2021	Quarter II 2020	Semester I 2021	Semester I 2020
SMART SA	154,730	253,806	330,227	421,094
TELETRANS SA	72,286	124,481	167,887	278,014
OPCOM SA	161,299,158	67,038,787	308,657,903	134,684,427
<b>TOTAL</b>	<b>161,526,174</b>	<b>64,417,074</b>	<b>309,156,017</b>	<b>135,383,535</b>

AFFILIATED ENTITY	Procurements			
	Quarter II 2021	Quarter II 2020	Semester I 2021	Semester I 2020
SMART SA	19,537,890	17,847,435	33,172,719	31,166,230
TELETRANS SA	11,253,626	7,737,584	16,148,349	17,745,164
FORMENERG SA	-	-	-	-
OPCOM SA	261,423,186	39,384,894	466,961,469	145,921,628
<b>TOTAL</b>	<b>292,214,702</b>	<b>64,969,913</b>	<b>516,282,537</b>	<b>194,833,022</b>

- *Salaries of Company's management*

Salaries paid to management for their services comprise the basic salary and benefits when their labour contract ends as well as post-employment. These are detailed as follows:

	Quarter II 2021	Quarter II 2020	Semester I 2021	Semester I 2020
Short term benefits	5,706,859	3,997,362	10,460,373	8,660,833
Other long term benefits	44,591	78,608	71,391	105,850
<b>Total</b>	<b>5,751,450</b>	<b>4,075,970</b>	<b>10,531,764</b>	<b>8,766,683</b>

**21. Credit risk**

This is the risk by which the Company incurs financial loss for a client's failure to comply with contractual obligations or a counterpart's to a financial instrument. Such risk results mainly from trade receivables as well as from cash and cash equivalents.

The counterpart risk is treated using success factors inside and outside the Company. The external success factors which systematically influence risk reduction are: decentralising the energy sector making the generation, transmission, distribution and supply distinct activities, while the supplier is the client's interface; electricity traded on Romania's market by two segments: the regulated market and the competitive one. Internal success factors for the counterpart risk treatment include: diversification of the clients' portfolio as well as diversifying the number of services provided on the electricity market.

Financial assets that might subject the Company to the collection risk are trade receivables and cash and cash equivalents, in



**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

the main. The Company has put in practice a series of policies making sure the services are sold to clients with proper collection, by including in trading contracts their obligation to constitute financial securities. The value of receivables net of value allowances represents the maximum amount exposed to the collection risk.

The maximum exposure to the collection risk on the report date was:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Financial assets</b>		
Net trade receivables	807,349,003	714,534,816
Other net receivables & down payments to suppliers	120,031,910	99,440,901
VAT to recover	78,799,753	33,960,938
Cash and cash equivalents	461,333,130	554,003,528
Other financial assets	-	-
<b>Total</b>	<b>1,467,513,796</b>	<b>1,401,940,183</b>

The age of **receivables** on the elaboration date of financial position is provided below:

	<b>Gross value 30 June 2021</b>	<b>Impairment allowance 30 June 2021</b>	<b>Gross value 31 December 2020</b>	<b>Impairment allowance 31 December 2020</b>
Not reached to due date	717,445,390	349,968	624,754,181	366,827
Due date exceeded 1 – 30 days	365,904	-	241,655	10,280
Due date exceeded 31 – 90 days	704,763	1,791	708,288	5
Due date exceeded 90 – 180 days	118,442	7,906	4,209	3,244
Due date exceeded 180 – 270 days	656	656	115,894	16,794
Due date exceeded 270 – 365 days	3,244	3,244	25,501	9,349
Beyond one year	222,998,409	133,924,240	223,418,967	134,327,381
<b>Total</b>	<b>941,636,808</b>	<b>134,287,805</b>	<b>849,268,695</b>	<b>134,733,880</b>

The age of **other receivables** on the elaboration date of financial position is provided below:

	<b>Gross value 30 June 2021</b>	<b>Impairment allowance 30 June 2021</b>	<b>Gross value 31 December 2020</b>	<b>Impairment allowance 31 December 2020</b>
Not reached to due date	131,609,177	52,659	96,274,766	27,596
Due date exceeded 1 – 30 days	18,898,282	-	4,024,018	275,198
Due date exceeded 31 – 90 days	10,986,116	-	6,024,297	23,676
Due date exceeded 90 – 180 days	4,738,566	257,953	1,341,947	249,176
Due date exceeded 180 – 270 days	3,419,297	291,979	4,924,105	3,136,088
Due date exceeded 270 – 365 days	938,882	437,442	714,798	641,101
Beyond one year	84,686,288	55,404,912	76,953,045	52,502,302
<b>Total</b>	<b>255,276,609</b>	<b>56,444,945</b>	<b>190,256,976</b>	<b>56,855,137</b>

Transelectrica's policy consists in registering 100% allowances for value losses with clients under dispute, insolvency and bankruptcy and 100% of trade receivables and other uncollected receivables during more than 180 days, except for outstanding receivables generated by the support scheme. The Company also performs case-by-case analysis of trade receivables and other uncollected receivables.

The greatest impairment allowances on 30 June 2021, calculated for trade receivables and their penalties were registered for CET Govora (24,994,987), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Opcom (6,276,563), and CET Brasov (4,664,627).

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 June 2021

(All amounts are expressed in LEI, unless otherwise provided)

To recover the trade receivables with impairment allowances the Company took the following measures: bringing to court, registration in the creditors' list, requesting explanations from ANAF (for the VAT collectable from Opcom) etc.

The development of **impairment allowances for doubtful receivables** was the following:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Balance on 1 January</b>	<b>134,733,880</b>	<b>135,508,897</b>
Recognition of impairment allowances	1,451,439	1,364,509
Reversal of impairment allowances	1,897,514	2,139,526
<b>Balance at the end of the period</b>	<b>134,287,805</b>	<b>134,733,880</b>

The development of **impairment allowances for other doubtful receivables** was the following:

	<b>30 June 2021</b>	<b>31 December 2020</b>
<b>Balance on 1 January</b>	<b>56,855,137</b>	<b>52,494,869</b>
Recognition of impairment allowances	374,982	5,100,534
Reversal of impairment allowances	785,174	740,267
<b>Balance at the end of the period</b>	<b>56,444,945</b>	<b>56,855,137</b>

Financial assets that might submit the Company to the collection risk are trade receivables and cash and cash equivalents. The Company has put in practice a series of policies making sure the services are sold to clients with proper collection, by including in their trading contracts the obligation to constitute financial securities. The value of receivables net of value allowances represents the maximum amount exposed to the collection risk.

Cash is placed into financial institutions considered as providing minimum risk.

## 22. Later events

- *Acceptance of mandate for provisional Supervisory Board member*

The Company informed the interested public about Mr. Victor Florin DUMITRIU who accepted in express manner the mandate of provisional Supervisory Board member, his appointment becoming effective on 01 July 2021.

- *Disputes about the ORCTB registration of AGOA Decision 4 of 22.06.2021 and of subsequent decisions*

On 08 July 2021 the Company acknowledged Mr. Adrian Goicea and Mrs. Luiza Popescu, intervenient and former Supervisory Board members recalled by AGOA Decision 4 of 22.06.2021, submitted intervention requests based on OUG 116/2009 with respect to mention requests 393260 & 393280 of 30.06.2021; thus they asked denying such mention requests, ascertaining the nullity of certain deeds from the organization of AGOA on 22.06.2021, as well as suspending AGOA Decision 4 of 22.06.2021.

The Company will execute and sustain the necessary defences with respect to such intervenient requests before Bucharest Tribunal, Section VI civil.

- *Communiqué on the mode of payment for dividends distributed according to HAGOA 3/2021*

On 14 July 2021 the Company issued a communiqué based on Decision 3 of the Shareholders' general ordinary assembly of 22 June whereby it transmitted the payment procedure for distributed dividends.

- *Information about the stage of the dispute on ORCTB registration of AGOA Decision 4 of 22.06.2021*

The Company issued information on 16 July 2021 regarding the stage of disputes with respect to ORCTB registration of AGOA Decision 4 of 22.06.2021.

- *Change of membership in the Consultative committees of the Supervisory Board*

The Supervisory Board having assembled on 27 July 2021 decided changing the membership of consultative committees as

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements on 30 June 2021

*(All amounts are expressed in LEI, unless otherwise provided)*

---

follows:

Nomination and remuneration committee:

Adrian Nicolae BLAJAN - chairman

Adina-Loredana DOGARU-TULICA - member

Claudiu Constantin NASTASA - member

Mihaela POPESCU - member

Audit committee:

Victor Florin DUMITRIU - chairman

Mihaela POPESCU - member

Adina-Loredana DOGARU-TULICA - member

Marius Vasile MORARIU - member

Energy security committee:

Marius Vasile MORARIU - chairman

Adrian Nicolae BLAJAN - member

Claudiu Constantin NASTASA - member

Victor Florin DUMITRIU - member