

**CNTEE Traselectrica SA**  
**Company managed under two-tier system**

Stand-alone Simplified Interim Financial Statements  
as of and for the three months' period ending on  
**31 March 2022**

Elaborated in accordance with the  
**International Accounting Standard 34 – “Interim Financial Reporting”**

**CNTEE Transelectrica SA**

Stand-alone simplified statement of financial position on 31 March 2022

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

	Note	31 March 2022	31 December 2021
<b>Assets</b>			
<b>Non-current assets</b>			
Tangible assets		3,822,375,798	3,814,698,495
Assets representing rights of use under a leasing - buildings		27,832,838	29,820,897
Intangible assets		7,181,761	7,105,259
Financial assets		81,742,973	81,742,973
<b>Total non-current assets</b>	<b>4</b>	<b>3,939,133,370</b>	<b>3,933,367,624</b>
<b>Current assets</b>			
Inventories		41,610,381	39,939,697
Trade and other receivables	<b>5</b>	3,443,212,940	2,995,581,608
Income tax to recover		17,957,102	21,213,984
Other financial assets		-	-
Cash and cash equivalents	<b>6</b>	90,127,224	252,225,142
<b>Total current assets</b>		<b>3,592,907,647</b>	<b>3,308,960,431</b>
<b>Total assets</b>		<b>7,532,041,017</b>	<b>7,242,328,055</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		137,926,619	137,926,619
Revaluation reserves		752,577,272	769,348,928
Other reserves		34,425,337	31,145,250
Retained earnings		1,658,610,740	1,633,807,204
<b>Total shareholders' equities</b>	<b>7</b>	<b>3,366,413,940</b>	<b>3,355,101,973</b>
<b>Non-current liabilities</b>			
Non-current deferred revenues	<b>8</b>	447,451,720	443,434,048
Borrowings	<b>9</b>	73,476,740	79,455,068
Other loans and assimilated liabilities - Building leasing – long term	<b>10</b>	20,803,932	22,751,934
Liabilities regarding deferred taxes	<b>10</b>	116,615,548	117,343,340
Obligations regarding employees' benefits		59,960,381	59,960,381
<b>Total non-current liabilities</b>		<b>718,308,321</b>	<b>722,944,771</b>
<b>Current liabilities</b>			
Trade and other liabilities	<b>10</b>	3,141,613,832	3,033,542,108
Other loans and assimilated liabilities - Building leasing – short term	<b>10</b>	8,321,573	8,273,431
Other tax and social security liabilities	<b>11</b>	10,983,864	14,323,661
Loans	<b>9</b>	215,616,670	24,871,963
Provisions	<b>10</b>	38,945,673	51,688,960
Current deferred revenues	<b>8</b>	31,837,144	31,581,188
Payable income tax		-	-
<b>Total current liabilities</b>		<b>3,447,318,756</b>	<b>3,164,281,311</b>
<b>Total liabilities</b>		<b>4,165,627,077</b>	<b>3,887,226,082</b>
<b>Total shareholders' equities and liabilities</b>		<b>7,532,041,017</b>	<b>7,242,328,055</b>

The attached notes 1-21 constitute integrant part of these stand-alone interim simplified financial statements.

**CNTEE Transelectrica SA**

Stand-alone profit and loss account for the three months' period ended on 31 March 2022

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

	Nota	3 months' period ended on 31 March 2022	3 months' period ended on 31 March 2021
<b>Revenues</b>			
Transmission revenues		418,792,129	322,600,764
System service revenues		134,061,493	173,209,505
Revenues from the balancing market		665,038,635	220,223,106
Other revenues		12,611,174	10,281,649
<b>Total revenues</b>	<b>13</b>	<b>1,230,503,431</b>	<b>726,315,024</b>
<b>Operational expenses</b>			
System operation expenses	14	(273,543,429)	(108,746,319)
Balancing market expenses	14	(657,086,973)	(212,154,838)
Expenses regarding technological system expenses	14	(121,301,215)	(143,061,438)
Amortisement		(62,648,873)	(63,962,431)
Personnel expenses	15	(60,861,169)	(48,981,102)
Repairs and maintenance		(18,347,902)	(15,372,382)
Materials and consumables		(2,588,813)	(1,528,814)
Other operational expenses	16	(21,471,152)	(36,712,391)
<b>Total operational expenses</b>		<b>(1,217,849,526)</b>	<b>(630,519,715)</b>
<b>Operational profit</b>		<b>12,653,905</b>	<b>95,795,309</b>
Financial revenues		1,683,662	1,818,872
Financial expenses		(3,776,596)	(3,200,232)
<b>Net financial result</b>	<b>17</b>	<b>(2,092,934)</b>	<b>(1,381,360)</b>
<b>Profit before income tax</b>		<b>10,560,971</b>	<b>94,413,949</b>
Income tax	12	(2,529,091)	(12,448,023)
<b>Profit of this time period</b>		<b>8,031,880</b>	<b>81,965,926</b>

The stand-alone interim simplified financial statements provided here were approved by the Company's management on **06 May 2022**.

**DIRECTORATE,**

<b>Chairman</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>	<b>Member</b>
<b>Gabriel ANDRONACHE</b>	<b>Florin-Cristian TATARU</b>	<b>Stefanita MUNTEANU</b>	<b>Catalin-Constantin NADOLU</b>	<b>Bogdan TONCESCU</b>

**Director, Economic-Financial and Administrative Unit**      **Manager, Accounting Department**

**Ana-Iuliana DINU**

**Georgiana-Beatrice STEFAN**

The attached notes 1-21 constitute integrant part of these stand-alone interim simplified financial statements.

**CNTEE Transelectrica SA**

Stand-alone statement of changes in shareholders' equities on 31 March 2022

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

	Share capital	Share premiums	Legal reserves	Revaluation reserves	Other reserves	Retained earning	Total
<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 result of the period</b>							
Profit of the time period	-	-	-	-	-	449,891	449,891
<b>Other comprehensive result items, of which:</b>							
Recognition of defined benefit plan actuarial gains	-	-	-	-	-	9,222,556	9,222,556
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability rel. to revaluation reserves	-	-	-	-	-	-	-
Transfer of reval. reserves into retained earnings	-	-	-	(72,350,097)	-	72,350,097	-
<b>Total other comprehensive result items of period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,350,097)</b>	<b>-</b>	<b>81,572,653</b>	<b>9,222,556</b>
<b>Total comprehensive result of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(72,350,097)</b>	<b>-</b>	<b>82,022,544</b>	<b>9,672,447</b>
<b>Other items</b>							
Legal reserve indexation	-	-	93,895	-	-	(93,895)	-
Other items – reserve reduction to increase the capital	-	-	-	-	(599,411)	-	(599,411)
<b>Total other items</b>	<b>-</b>	<b>-</b>	<b>93,895</b>	<b>-</b>	<b>(599,411)</b>	<b>(93,895)</b>	<b>(599,411)</b>
<b>Contributions from and distributions to shareholders</b>							
De-recognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets belonging in the state's public domain	-	-	-	-	14,302,974	-	14,302,974
Distribution of dividends	-	-	-	-	-	(63,773,734)	(63,773,734)
<b>Total contributions from / distributions to shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,302,974</b>	<b>(63,773,734)</b>	<b>(49,470,760)</b>
<b>Balance on 31 December 2021</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,926,619</b>	<b>769,348,928</b>	<b>31,145,250</b>	<b>1,633,807,204</b>	<b>3,355,101,973</b>
<b>Balance on 1 January 2022</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,926,619</b>	<b>769,348,928</b>	<b>31,145,250</b>	<b>1,633,807,204</b>	<b>3,355,101,973</b>
<b>Comprehensive result of the period</b>							
Profit of the period	-	-	-	-	-	8,031,880	8,031,880
<b>Other comprehensive result items, of which</b>							
Recognition of actuarial loss/profit of the defined benefit plan	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability rel. to revaluation reserves	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(16,771,656)	-	16,771,656	-
<b>Total other comprehensive result items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,771,656)</b>	<b>-</b>	<b>16,771,656</b>	<b>-</b>
<b>Total comprehensive result of the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,771,656)</b>	<b>-</b>	<b>24,803,536</b>	<b>8,031,880</b>
<b>Other elements</b>							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
<b>Total other changes</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Contributions from / distributions to shareholders</b>							
De-recognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets belonging in the state's public domain	-	-	-	-	3,280,087	-	3,280,087
Distribution of dividends	-	-	-	-	-	-	-
<b>Total contributions from / distributions to shareholders</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,280,087</b>	<b>-</b>	<b>3,280,087</b>
<b>Balance on 31 March 2022</b>	<b>733,031,420</b>	<b>49,842,552</b>	<b>137,926,619</b>	<b>752,577,272</b>	<b>34,425,337</b>	<b>1,658,610,740</b>	<b>3,366,413,940</b>

The attached notes 1-21 constitute integrant part of these stand-alone interim simplified financial statements.

**CNTEE Transelectrica SA**

Stand-alone statement of cash flows on 31 March 2022

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

	<b>3 months' period ended 31 March 2022</b>	<b>3 months' period ended on 31 March 2021</b>
<b>Cash flows from operations</b>		
Profit of the period	8,031,880	81,965,926
<b>Allowances for:</b>		
Income tax expense	2,529,091	12,448,023
Amortisement expense	62,648,873	63,962,432
Expenses with allowances to impair trade receivables	476,827	406,059
Reversal of allowances to impair trade receivables	(278,653)	
Losses from receivables and sundry debtors	-	35,619
Net expenses / revenues with allowances to impair sundry debtors	71,276	(238,547)
Net expenses / revenues with allowances to impair inventories	302,578	683,579
Net profit / loss from sale of tangible assets	48,652	29,020
Net expenses with value allowances regarding tangible assets	-	299,462
Net expenses / revenues regarding provisions for risks and expenses	(12,759,397)	(15,895,932)
Interest expense, interest revenue and unrealised exchange rate gains din diferențe de curs valutar	1,398,383	1,873,074
<b>Cash flows before changes in the current capital</b>	<b>62,469,510</b>	<b>144,762,975</b>
<b>Changes into:</b>		
Clients and assimilated accounts - energy and other activities	(704,975,290)	(57,723,267)
Clients - balancing	259,312,700	(3,789,013)
Clients - cogeneration	(2,543,366)	3,332,191
Inventories	(1,670,684)	1,240,773
Trade and other liabilities - energy and other activities	453,024,094	(78,904,284)
Liabilities - balancing	(325,348,133)	(26,043,625)
Liabilities - cogeneration	4,035,411	(10,495,575)
Liabilities paid according to Taxation decision of ANAF	-	(2,140,264)
Other loans and assimilated liabilities - Building leasing	-	(2,191,410)
Other tax and social security liabilities	(3,339,797)	(5,080,790)
Deferred revenues	7,553,715	7,045,184
<b>Cash flows from operational activities</b>	<b>(251,481,840)</b>	<b>(29,987,105)</b>
Interest paid	(1,602,432)	
Income tax paid	-	(2,514,707)
<b>Net cash generated from operations</b>	<b>(253,084,272)</b>	<b>(33,545,422)</b>
<b>Cash flows from investments</b>		
Procurements of tangible and intangible assets	(91,300,356)	(111,923,421)
Interest cashed	247,330	764,758
Other financial assets	-	-
<b>Net cash used in investments</b>	<b>(91,053,026)</b>	<b>(111,158,663)</b>
<b>Cash flows used for financing</b>		
Repayments of non-current loans	(5,955,926)	(5,867,454)
Utilisation of cogeneration credit line	45,568,018	-
Utilisation of credit line for current capital	145,113,602	-
Payements of building leasing	(2,648,636)	(2,608,795)
Dividends paid	(37,678)	(6,621)
<b>Net cash used for financing</b>	<b>182,039,380</b>	<b>(8,482,870)</b>
<b>Net increase /(decrease) of cash and cash equivalents</b>	<b>(162,097,918)</b>	<b>(153,186,955)</b>
<b>Cash and cash equivalents on 1 January</b>	<b>252,225,142</b>	<b>554,003,528</b>
<b>Cash and cash equivalents at the end fo this period</b>	<b>90,127,224</b>	<b>400,816,573</b>

*Note: On 31.03.2022 the liability of building leasing from "Other loans and assimilated liabilities - Building leasing" was reclassified into "Trade and other liabilities - electricity and other activities"*

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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### **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 758/21.04.2021, to the General conditions associated to the licence 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.

Official headquarters are in 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 financial statements elaborated on 31 March 2022 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 2021.

#### **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 2021.

### **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 2021.

### **4. Tangible, intangible and financial assets**

#### **a) Tangible assets**

The higher total value of tangible assets on 31 March 2022 compared to 31 December 2021 was determined by augmented values of tangible assets in progress while registering the amortisement of tangible assets.

Thus the growth of **tangible asset amounts** in the first quarter of 2022 was mainly determined by investments made into high voltage electric substations and lines as follows:

- The 400 kV double circuit OHL Gutinaa – Smardan – 18,915,585;
- 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 – 10,236,987;
- Refurbishing the 220/110 kV substation Iaz – 7,385,857;
- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – 6,996,033;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – 5,489,923;
- Upgrading the electricity supply in the offices of UNO-DEN – 3,657,572;
- Connecting the 400 kV OHL Isaccea - Varna and Isaccea - Dobrogea OHL in the 400 kV substation Medgidia Sud – 2,658,939;

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 – 2,592,379;
- Upgrading the 220/110 kV substation Dumbrava – 2,527,758;
- Refurbishing the 220/110/20 kV substation Ungheni – 2,469,986;
- Refurbishing the 220/110/20 kV substation Baru Mare – 2,223,790.

In the first quarter 2022 the greatest **transfers of tangible assets underway into tangible assets**, in sum of 23,744,124 are mainly represented by the commissioning of investment objectives, of which the most significant are the following:

- Upgrading the 110 kV & 400 (220 kV) installations of substation Focsani Vest – 8,336,456;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – 6,904,234;
- Upgrade with a view to diminish galloping on the 400 kV OHL-s in Baragan – Fetesti area; diminishing the galloping effects on the 400 kV OHL Bucharest South – Gura Ialomitei and 400 kV OHL Cernavoda – Gura Ialomitei (circuit 2) – 3,745,749;
- Relocating high voltage networks, 220 kV double circuit OHL Lotru – Sibiu Sud, Lot 1 km 0+000 – km 13+170 – 3,280,087;
- Refurbishing the 220/110 kV substation Turnu Severin Est – 762,311;
- DRONES - 9 pieces – 166,182;
- Endowment with equipment necessary for data centres of TEL - Professional air conditioning and dehumidification units of industrial type – 117,000;
- Consolidating the servers and data storage network (private cloud) – 96,079;
- Collecting rainwater that passes through the oil separators of the 220/110/20 kV substation Pitesti Sud – 64,064;
- Topographic instrumentation and computation technique (hardware & software) – 61,500.

The balance of **tangible assets under execution** on 31 March 2022, amounting to 931,474,051 Lei, is represented by projects in progress, of which the most significant are provided below:

- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Gura Ialomitei – 301,585,169;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – 98,168,953;
- Connecting the 400 kV OHL Isaccea - Varna and Isaccea - Dobrogea OHL in the 400 kV substation Medgidia Sud – 59,372,757;
- Refurbishing the 220/110 kV substation Hasdat – 53,711,895;
- Connecting to RET the 300 MW WPP Ivesti, 88 MW WPP Falciu 1 and 18 MW WPP Falciu 2 through the new (400)/220/110 kV substation Banca – 46,884,983;
- 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 – 23,788,599;
- Upgrading the 400 (220)/110/20 kV substation Munteni – 31,664,205;
- Upgrading the 220/110/20 kV substation Raureni – 25,483,974;
- Refurbishing the 220/110 kV substation Iaz – 23,507,778;
- Upgrading the 220/110 kV substation Dumbrava – 21,157,332;
- The 400 kV double circuit OHL Gutinas - Smardan – 18,915,585;
- Upgrading the 220/110/20 kV substation Arefu – 17,914,157;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV Cernavoda 2 & 3 – 15,403,061;
- Refurbishing the 400/110/20 kV substation Smardan -14,480,893;
- 110 kV, 220 kV and 400 kV mobile bays – 14,296,873;
- Refurbishing the 110 kV substation Medgidia Sud – 13,737,773;
- Extending the 400 kV substation Cernavoda, stage I+II, Replacing 2 shunt reactors, connecting new lines – 12,174,582;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV substation Resita – 10,930,368;
- Refurbishing the 220/110/20 kV substation Ungheni – 9,537,607;

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara - Sacalaz - 8.900.950;
- Refurbishing the 220/110/20 kV substation Baru Mare – 8.702.923;
- Upgrading the electricity supply in the offices of UNO-DEN – 8.196.639;
- Upgrading the 220/110/20 kV substation Vetis - primary equipment – 6.644.714;
- The 400 kV OHL Gadalin - Suceava, including SEN interconnection – 6.043.182;
- HVDC Link 400 kV (Submarine cable Romania - Turkey) – 5.853.759;
- Replacing autotransformers (AT) and transformers (T) in electric substations, stage 2, step 2, lot 1 & lot 2 – 5.533.661;
- Integrated security system in electric substations, stage IV – 4.816.604;
- Consolidating the servers and data storage network (private cloud) - 4.569.238;
- Upgrading the 110 kV & 400 (220 kV) installations of substation Focsani Vest – 4.506.969;
- The 400 kV OHL Suceava - Balti for the project part on Romania's territory - 4.439.120;
- Procuring and installing 21 monitoring systems for transformer units in substations of CNTEE Transelectrica SA – 3.814.648;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, the 400 kV double circuit OHL Resita - Timisoara - Sacalaz – 3.374.984;
- Extending by new functions the control system and IT access supervision in the objectives of CNTEE Transelectrica SA – 3.200.918.

### **b) Intangible assets**

The balance of **intangible assets under execution** on 31 March 2022, amounting to 5,726,825 Lei, is represented by projects underway, of which the most significant are provided below:

- Implementing an Electronic Archive and Document Management system within CNTEE Transelectrica SA – 5.474.290;
- GE licence - Software module to make capacity calculations based on flows – 247.400.

### **c) Financial assets**

Financial assets comprise the net value of shares the Company holds, amounting to 81,742,973 on 31 March 2022 and to 81,742,973 on 31 December 2021.

### **d) Assets representing rights of use under a lease - buildings**

The assets relating to the usage rights of assets under a lease - buildings represent the utilisation right of spaces the Company rented in the Platinum office building, according to the provisions of IFRS 16, Leasing Contracts. Contract C232 became effective on 01.10.2020 and is valid for 5 years, amounting to 9,000,000 Euro (VAT free).

On 31 March 2022 the net value of the utilisation right for spaces the Company rented in Platinum office building amounted to 27,832,838 Lei.

For this contract the Company pays a monthly quantum of 16.67 Euro/m<sup>2</sup> (VAT free) to lease office spaces, resulting an annual amount of about 1.8 mill. Euro.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

### 5. Trade and other receivables

On 31 March 2022 and on 31 December 2021 trade and other receivables were as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Trade receivables	2,264,045,437	2,194,153,312
Other receivables	195,214,622	189,968,790
Down payments to suppliers	928,783,779	701,351,443
Recoverable VAT	267,462,192	122,134,375
Impairment allowances for doubtful trade receivables	(145,306,120)	(145,107,946)
Impairment allowances for other doubtful receivables	(66,986,970)	(66,918,366)
<b>Total trade and other receivables</b>	<b><u>3,443,212,940</u></b>	<b><u>2,995,581,608</u></b>

The structure of trade receivables is the following:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Clients on the electricity market, of whom:	2,261,904,519	2,182,908,347
- Clients - operational activities	1,744,144,380	1,408,378,875
- Clients - balancing market	307,414,144	566,726,844
- Clients - bonus type support scheme to promote high efficiency cogeneration	210,345,995	207,802,628
Clients from other activities	2,140,918	11,244,965
<b>Total trade receivables</b>	<b><u>2,264,045,437</u></b>	<b><u>2,194,153,312</u></b>

• Transelectrica SA carries out its operational activities under the Operational Licence 161/2000 issued by ANRE, updated under Decision 758/ 21.04.2021 of ANRE President to provide electricity transmission services, system services and balancing market administration.

On 31 March 2022 clients on balance from operational activities increased compared to 31 December 2021, mainly determined by higher volume resulting from markets coupling in the first quarter 2022 compared to quarter 4 2021, this generating higher receivables on balance on 31 March 2022 compared to 31 December 2021.

The lower volume of transactions on the balancing market in the first quarter of 2022 compared to quarter 4 of last year has also determined a reduction in the clients' balance under contracts concluded for such activities.

The main clients represented in the total trade receivables are: OPCOM, MAVIR, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, RAAN, Enel Energie SA, E.ON Energie Romania SA, IBEX, Tinmar Energy. Their share is 74.55% 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, "the main attributions being to collect monthly the cogeneration contribution and pay bonuses every month".

On 31 March 2022 the Company registered receivables to cash under the bonus type support scheme to support high efficiency cogeneration of about 9% (similarly on 31 December 2021) from the total trade receivables.

On 31 March 2022 clients from the bonus type support scheme to promote high efficiency cogeneration were registered with higher receivables, mainly determined by higher amounts invoiced for the collection of monthly contributions.

The Company on 31 March 2022 registered collectable receivables amounting to 210,345,995, which were represented by invoices issued under the bonus scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to 76,702,140, namely from RAAN – 63,467,054 and CET Govora SA – 13,235,086;
- 2014 undue bonus amounting to 3,914,960, namely from RAAN – 1,981,235 and CET Govora – 1,933,725;
- 2015 undue bonus amounting to 563,899, namely from CET Govora – 534,377, Interagro – 29,523;
- 2020 undue bonus amounting to 522,181 from Donau Chem;
- Cogeneration contribution not cashed from the suppliers of electricity consumers, in sum of 21,594,255, namely 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;

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

Until the date of this financial reporting the Company cashed the receivables relating to the overcompensated activities of the 2021 support scheme (sum of 22,893,841) from CET Govora (15,041,215), BEPCO (4,257,616) and Electrocentrale Bucharest (3,595,000), as well as 32,632,040 of the undue bonus established by ANRE Decisions for 2022 from the following generators: Bepco SRL, Energy Complex Hunedoara, Energy Complex Oltenia, CET Govora, Colonia Cluj Napoca Energie, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electrouilaj SA, Poligen Power, Soceram SA, District Heating Oradea and UATAA Motru.

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, Electrocentrale Bucharest, and CET Govora) the Company has applied and further applies the 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 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.

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

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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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; 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.

On 26.03.2020 the hearing term was changed and the following was set on 21.05.2020.

On 21.05.2020 the case was taken out of the docket with the following settlement: it admitted the exception of material incompetence of the Appeal Court Craiova and decided referring it to ICCJ, Section of Administrative & Fiscal Disputes; ruling 140/21.05.2020, next term on 03.02.2021.

On 03.02.2021 ICCJ admitted the exception of tardive revision request and did no longer pronounce on its inadmissibility.

Also there are 4 other files under various judgment stages between RAAN and Transelectrica.

In accordance with RAAN's bankruptcy file under number **9089/101/2013**, on the 08.10.2020 and 04.02.2021 terms Mehedinti Tribunal deferred the case. Settlement in brief: a term was granted to continue liquidation procedures, represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' amounts, to continue measures to recover receivables and the public auctions to capitalise the debtor's assets.

On the 14.10.2021 term the case was deferred with the following settlement in brief: "it provided term to continue the procedure, namely to capitalise the assets and carry out the other liquidation operations".

On the 10.02.2022 term the case was deferred, settlement in brief: "to carry out the procedure, namely capitalise the assets, collect receivables and perform the other liquidation operations; the parties will be summoned by means of BPI" and the following term was established on **02.06.2022**.

- 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. Mention should be made the receivable amounting to 21,962,243.71 Lei, representing principal and penalties related to invoice 8116/08.04.2016, has been registered under the suspensive condition to pronounce a final juridical decision in favour of ANRE under file 2428/2/2014 on the docket of the Appeal Court Bucharest, pertaining to

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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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 Alternativ 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 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.

The amount of 22,188,224.16 represents receivable payable by CET Govora under the support scheme, in sum of 25,557,190, corrected with the bonus amounting to 3,368,966 the Company withheld according to article 17 para 5 from Order 116/2013 of ANRE President.

In accordance with item 11 of HG 925/2016 amending and adding HG 1.215/2009 establishing the criteria and conditions 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. On the elaboration date of such notes on ANRE's site a project has been put to debate, the *Draft Order to approve the Methodology establishing the principles applicable for the financial closure of the support scheme to promote high efficiency cogeneration*.

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

### ***Other receivables***

On 31 March 2022 other receivables amounting to 195,214,622 included in the main:

- Sundry debtors (**161,382,615**), of which:
  - The net position of the support scheme to promote high efficiency cogeneration, a receivable position amounting to 56,978,651.  
The net position of the support scheme represents the difference between:
    - The contribution amount to be collected from the suppliers of electricity consumers, the over-compensation amount from electricity and heat produced under high efficiency cogeneration, the undue bonus to recover from producers according to ANRE decisions, on the one hand and
    - The amount of cogeneration bonus, the ex-ante over-compensation and unpaid bonus payable to electricity generators under high efficiency cogeneration, as beneficiaries of the support scheme, on the other hand;
  - Payment delay penalties calculated to defaulting clients and amounting to 95,752,768 (of which 35,358,601 represents penalties under the support scheme). The greatest delay penalties were registered by the following clients: RAAN (16,901,449), Romelectro (14,745,495), CET Govora (9,606,504), Electrocentrale Bucharest (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,655), Next Energy Partners (8,395,132), Total Electric Oltenia (3,288,967), and OPCOM (2,398,658). Allowances were registered for the penalties calculated for late payment of operational activity receivables;
  - Compensations owed by suppliers for their non-delivery of electricity: Arelco Power (987,555) and Enol Grup (2,541,312). Impairment allowances were registered for the compensations owed by suppliers from operational activities;
  - Receivable to recover from OPCOM, representing VAT related to the Company's contribution in kind to the subsidiary's capital in sum of 4,517,460;
- Deferred expenses amounting to **17,581,489**, mainly represented by: expenses to procure CPT (6,570,823), international subscription to ENTSO-E (4,357,106), annual contribution to ANRE for 2022 (2,820,095), taxes and charges of 2022 (2,593,525), office spaces' lease and maintenance (742,740), RCA & CASCO policies (183,048) and others;
- Other non-current receivables amounting to **4,256,474**, of which 4,199,505 represent securities for temporary land

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

occupation, calculated and withheld according to article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code, with a view to make the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);

- Other social receivables amounting to **3,994,362** representing medical leaves the employer paid to employees, which will be recovered from the National Health Insurance House according to applicable legislation.

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

On 31 March 2022 these are represented by supplier-debtors for services provided in amount of 928,783,779 and are mainly sums from the transactions under the price-coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (870,549,357 for ICP and SDAC, and 58,100,039 for SIDC).

The 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. On June 17<sup>th</sup> the Interim Coupling project was launched, which represents the day-ahead markets of 4MMC countries with the similar markets of Poland, Austria and Germany.

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

28 October 2021 represented the start of the new successful coupling SDAC *Single Day-ahead Coupling*, result of the cooperation between the Nominated Electricity Market Operators (NEMO-s) and Transmission System Operators (TSO) of Bulgaria and Romania, namely IBEX EAD, OPCOM SA, ESO EAD and CNTEE Transelectrica SA. The purpose of SDAC is to create a pan-European single cross-border day-ahead electricity market. An integrated day-ahead market enhances the general efficiency of transactions by promoting effective competition, increasing liquidity and enabling a more efficient utilisation of generation resources all over Europe.

In its capacity of transfer agent for Romania’s bidding zone CNTEE Transelectrica SA has the task to settle the electricity transacted between OPCOM SA and IBEX.

### ***VAT to recover***

Receivable VAT (267,462,192) is an amount related to settlements of December 2021 – March 2022, and October 2020. On 04 May 2022 the Company collected 169,402,800 Lei from the state.

### ***Impairment allowances of trade receivables, doubtful trade receivables and other doubtful receivables***

The policy of Transelectrica consists of registering impairment allowances for value losses in quantum of 100% for clients under dispute, insolvency and bankruptcy and 100% of trade receivables and other receivables not cashed for more than 180 days, except for outstanding receivables generated by the support scheme. The Company also makes case by case analysis of trade receivables and other uncollected receivables.

On 31 March 2022 the greatest impairment allowances calculated for trade receivables and their associated penalties were registered for CET Govora (25,108,898), 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), Romelectro SA (12,955,958), GETICA 95 (12,540,731), Elsaco Energy (9,276,118), and RAAN (8,516,707).

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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 collected from Opcom), etc.

### 6. Cash and cash equivalents

It includes cash balances, demand funds and deposits with initial maturities up to 90 days from establishment date, which have insignificant exposure to the risk of changing their fair value, which the Company uses for management of current commitments.

On 31 March 2022 and 31 December 2021 cash and cash equivalents were as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
1. Current accounts in banks and deposits with initial maturities up to 90 days, of which:	<b>89,958,458</b>	<b>252,110,965</b>
<i>a) Current accounts in banks and deposits with initial maturities up to 90 days from current activities</i>	42,881,464	39,926,219
<i>b) Current accounts in banks and deposits with initial maturities up to 90 restricted days, of which:</i>	47,076,994	212,184,746
- Cash and cash equivalents from high efficiency cogeneration	3,624,506	157,024,160
- Cash and cash equivalents from the allocation of interconnection capacities used for network investments	574,311	3,154,664
- Cash from the connection fee	9,773,923	30,164,016
- European funds	24,770	287,049
- Other restricted accounts (securities on the electricity market and dividends)	33,079,484	21,554,857
Cash desk	<b>109,944</b>	<b>114,177</b>
Other cash equivalents	<b>58,822</b>	-
<b>Total</b>	<b><u>90,127,224</u></b>	<b><u>252,225,142</u></b>

### 7. 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 exercises the rights and fulfils 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 31 March 2022 the shareholders of CNTEE Transelectrica SA are: 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

**CNTEE Tranelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

HOLDING having 4,753,567 shares (6.49%), other legal person shareholders holding 16,147,255 shares (22.03%) and other natural person shareholders with 5,374,323 shares (7.32%).

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 corresponds to the one recorded with the Office of the Trade Register.

The shareholders' structure on 31 March 2022 and 31 December 2021 was the following:

Shareholder	31 March 2022		31 December 2021	
	Number of shares	% of the share capital	Number of shares	% of the share capital
Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,147,255	22.03%	16,172,331	22.05%
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	5,374,323	7.32%	5,349,247	7.30%
<b>Total</b>	<b>73,303,142</b>	<b>100.00%</b>	<b>73,303,142</b>	<b>100.00%</b>

The increase of shareholders' equities on 31 March 2022 compared to 31 December 2021 was mainly determined by registering the net profit achieved amounting to 8,031,880 into retained earnings on 31 March 2022.

**8. Deferred revenues**

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

On 31 March 2022 **deferred revenues** were as follows:

	31 March 2022	Of which: Current part on 31.03.2022	31 December 2021	Of which: Current part on 31.12.2021
Deferred revenues – allocation of interconnection capacities	9,542,882	9,542,882	7,649,266	7,649,266
Deferred revenues – European funds	2,455,848	2,455,848	2,076,417	2,076,417
Funds from the connection fee	264,641,277	14,608,245	260,879,623	14,814,156
European funds	177,095,785	4,701,640	178,667,003	6,137,909
Other subsidies	25,553,072	528,529	25,742,927	903,440
<b>Total</b>	<b>479,288,864</b>	<b>31,837,144</b>	<b>475,015,236</b>	<b>31,581,188</b>

The development of **current deferred revenues** in January - March 2022 was the following:

	31 March 2022	31 December 2021
<b>Balance at the beginning of the period</b>	<b>31,581,188</b>	<b>28,853,237</b>
Deferred proceeds of the interconnection capacities	23,573,063	38,428,451
Proceeds from European funds	556,031	1,091,813
Transfer from non-current deferred revenues	(2,017,091)	(2,913,635)
Revenues from the utilisation of interconnection capacities	(21,679,447)	(33,452,345)
Revenues from European funds	(176,600)	(426,333)
<b>Total</b>	<b>31,837,144</b>	<b>31,581,188</b>

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

*(All amounts are expressed in LEI, unless otherwise provided)*The development of **deferred non-current revenues** in January - March 2022 was the following:

	<u>31 March 2022</u>	<u>31 December 2021</u>
<b>Balance at the beginning of the period</b>	<b>443,434,048</b>	<b>352,028,637</b>
Connection subsidies	4,194,529	3,660,512
Non-repayable amounts	-	(93,133,164)
Non-returnable amounts to return	-	-
Transfer into deferred current revenues	5,297,177	203,482,936
Subsidies resumed into revenues	(5,474,034)	(22,604,873)
<b>Total</b>	<b>447,451,720</b>	<b>443,434,048</b>

**9. Borrowings**• *Non-current loans*

On 31 March 2022 the amount of non-current loans diminished in comparison with 31 December 2021, mainly because of repayments made in compliance with existent loan agreements.

Loan movements during the three months' period ended on 31 March 2022 were as follows:

	<u>Currency</u>	<u>Interest rate</u>	<u>Book value</u>	<u>Due date</u>
<b>Balance on 1 January 2022</b>			<b>103,314,496</b>	
<b>New drawings</b>			-	
<b>Repayments, of which:</b>			<b>(5,955,926)</b>	
EIB 25709	EUR	3.596%	(5,955,926)	10-Sep-2025
EIB 25710	EUR	3.856% + 2.847%	-	11-Apr-2028
<b>Exchange rate difference on repayment date</b>			<b>29,635</b>	
<b>Balance on 31 March 2022</b>			<b>97,328,935</b>	

On 31 March 2022 & 31 December 2021 the non-current loan balances contracted from credit institutions were as follows:

<b>Description</b>	<u>31 March 2022</u>	<u>31 December 2021</u>
EIB 25709	41,679,685	47,648,371
EIB 25710	55,649,250	55,666,125
<b>Total non-current loans from credit institutions, of which:</b>	<b>97,328,935</b>	<b>103,314,496</b>
<b>Current part of non-current loans</b>	<b>(23,852,195)</b>	<b>(23,859,428)</b>
<b>Total non-current loans, net of current instalments</b>	<b>73,476,740</b>	<b>79,455,068</b>

The non-current part of loans will be repaid as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
From 1 to 2 years	23,852,195	23,859,428
From 2 to 5 years	48,197,642	54,168,304
Beyond 5 years	1,426,903	1,427,336
<b>Total</b>	<b>73,476,740</b>	<b>79,455,068</b>

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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 (EIB 25709 and EIB 25710 contracts) bear fixed interest rate.

### • Current loans

They are detailed as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Current part of non-current credits	23,852,195	23,859,428
Current bank credit	190,681,621	-
Interest rates of current and non-current loans	<u>1,082,854</u>	<u>1,012,535</u>
<b>Total current loans</b>	<b><u>215,616,670</u></b>	<b><u>24,871,963</u></b>

### • Loans contracted for current activities

On 30.03.2022 Transelectrica concluded the credit contract C624 with Banca Comerciala Romana for 12 months in order to finance the bonus type support scheme for high efficiency cogeneration as account overdraft, in amount of 175,000,000 and interest calculated depending on the reference ROBOR 1M rate, which is added 0% margin and 0.088% fee.

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 Energie SA, Enel Energie Muntenia SA, and EON Energie Romania SA.

On 31 March 2022 drawings of 45,568,018 were made from the credit line.

On 10.03.2022 Transelectrica concluded the credit contract C588 with Banca Transilvania for 12 months to finance the Company's current capital, in amount of 200,000,000 with interest calculated depending on the reference ROBOR 1M rate, which is added 0.05% margin.

The credit contract of 200 million Lei has been structured as follows:

- 175 million Lei – revolving credit line used in order to cover temporary needs of current capital to pay the Company's outstanding liabilities in due time, for 12 months utilization until 09.03.2023;
- 25 million as ceiling to issue bank indemnity deeds, with 12 months' interval to issue deeds which will be valide for 24 months;

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 provision of electricity transmission services and system services concluded with Electrica Furnizare SA, and Enel Energy SA;

On 31 March 2022 drawings in amount of 145,113,602 were made, while the ceiling for indemnity deeds has not been used.

## 10. Trade and other liabilities

On 31 March 2022 and 31 December 2021 trade and other liabilities were as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Suppliers on the electricity market	1,854,509,527	1,893,042,316
Asset suppliers	101,185,329	158,369,109
Suppliers of other activities	43,484,372	38,990,780
Amounts owed to employees	8,525,300	8,675,618
Other liabilities	<u>1,163,034,809</u>	<u>965,489,650</u>
<b>Total</b>	<b><u>3,170,739,337</u></b>	<b><u>3,064,567,473</u></b>

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

On 31 March 2022 and 31 December 2021 liabilities on balance on the electricity market amounted to 1,854,509,527, namely to 1,893,042,316 and provided the following structure:

	<b>31 March 2022</b>	<b>31 December 2021</b>
Suppliers on the electricity market, of whom:		
- Suppliers - operational activity	1,413,325,707	1,125,210,670
- Suppliers - on the balancing market	224,593,217	549,941,350
- Suppliers - bonus type support scheme to promote high efficiency cogeneration	216,590,603	217,890,296
<b>Total</b>	<b>1,854,509,527</b>	<b>1,893,042,316</b>

Suppliers on the electricity market are mainly represented by: IBEX, Hidroelectrica SA, OPCOM, MAVIR, Electrocentrale Bucharest SA, Energy Complex Oltenia SA, Joint Allocation Office, CIGA Energy SA, CINTA Energy SA, and Electrica Furnizare SA. On 31 March 2022 their share in the total electricity suppliers was about 88.60%.

The higher balance of “liabilities associated to operational activities” was mainly determined by paying in second quarter of 2022 the payment liabilities on balance on 31 March 2022, mainly resulted from electricity markets coupling.

The lower balance of “liabilities associated to the balancing market” was determined by a lower volume of transactions registered on the balancing market in the first quarter of 2022, as compared to the fourth quarter of 2021.

The decrease of “liabilities associated to the support scheme” to suppliers (producers) was determined by lower amounts of monthly bonuses for high efficiency cogeneration in March 2022 compared to December 2021.

On 31 March 2022 payment liabilities were registered to suppliers (producers) in amount of 35,549,294 (RAAN – 32,180,328 and CET Govora SA – 3,368,966), representing monthly cogeneration bonuses, ex-ante overcompensation of 2014 and 2015, 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 compensate mutual liabilities at their minimum 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 bonuses 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

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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. 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 lower balance of “asset suppliers” on 31 March 2022 against 31 December 2021 was due to payments reaching due dates.

The liabilities to “suppliers of other activities” are mainly represented by liabilities related to services provided by third parties which did not reach due dates, but are higher compared to 31 December 2021.

On 31 March 2022 the Company did not register outstanding liabilities to suppliers, the state budget or local institutions.

Liabilities registered under “**other liabilities**” are structured as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Sundry creditors	8,820,573	145,712,314
Client - creditors	1,068,098,197	751,982,307
Dividends to pay	196,510	234,188
Liabilities - Current building lease	8,321,573	8,273,431
Liabilities - Non-current building lease	20,803,932	22,751,934
Other liabilities	56,794,024	36,535,476
<b>Total</b>	<b><u>1,163,034,809</u></b>	<b><u>965,489,650</u></b>

- “Sundry creditors” amounting to **8,820,573** on 31 March 2022 mainly represent: 4,667,369 solution study contracts for RET connection; 41,329 studies for synchronous interconnection of the power systems from Ukraine and Republic Moldova with the European continental system; 1,371,458 royalty of quarter 1, 2022 and others.
- “Client creditors” on 31 March 2022 amounted to **1,068,098,197**, of which 1,068,369,123 represent deferred amounts from OPCOM (942,223,469), MAVIR (118,057,936) and IBEX (8,087,718) by transactions under price-coupling mechanisms: ICP (Interim Coupling Project), SIDC (Single Intraday Coupling) and SDAC (Single Day-ahead Coupling).
- On 31 March 2022 unpaid dividends owed to Company shareholders amounting to **196,510**. These amounts are at the shareholders’ disposal by means of the transfer agent.
- On 31 March 2022 the **liability for assets representing rights of use under a lease - buildings**, according to the provisions of IFRS 16 – Leasing Contracts amounted to 29.125.505, of which:
  - Current liability: 8,321,573;
  - Non-current liability: 20,803,932.
- “Other liabilities” amounting to 56,794,024 are mainly represented by the performance bonds of contracts on the electricity market that CNTEE Transelectrica SA concluded in amount of 33,843,183; non-demandable VAT in the reporting period amounting to 22,734,001 and others.

## Provisions

On 31 March 2022 and 31 December 2021 provisions were as follows:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Provisions for disputes	20,508,042	31,199,387
Provisions for mandate contracts	18,430,241	20,478,148
Other provisions	7,390	11,425
<b>TOTAL</b>	<b><u>38,945,673</u></b>	<b><u>51,688,960</u></b>

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

Provisions for disputes on balance on 31.03.2022 amounting to 20,508,042 are mainly represented by provisions constituted for the following disputes:

- *File 36755/3/2018 - claimant Conaid Company SRL (17,216,093)* – more details on this file are provided in Note 19 – Disputes and contingencies.
- *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.

After several terms when the case was deferred (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).

CNTEE Transelectrica SA filed appeal. At the 25.11.2021 hearing session the Appeal Court Bucharest admitted the appeal. It partly changed the civil ruling appealed against, meaning: It denied the summons as groundless. It maintained the first instance's provision to deny as groundless the defendant's request for law court expenses. It compelled the intimated-claimant to pay to the appellant-defendant 20,591.66 as appeal court expenses. Appeal right was granted within 30 days from notification, to be submitted to the Appeal Court Bucharest, Section VI Civil.

Nuclearelectrica filed appeal, which is under filter.

“Provisions for mandate contracts” amounted to 18,430,241 on 31 March 2022, and represented the remuneration of executive and non-executive administrators (variable component of the allocated OAVT packages not capitalised during mandate terms executed in 2013-2017).

“Other provisions” in amount of 7,390 mainly represent holidays not taken.

### 11. Other tax and social security liabilities

On 31 March 2022 and 31 December 2021 other tax and social security liabilities comprised:

	<u>31 March 2022</u>	<u>31 December 2021</u>
Contribution to social security funds	8,054,926	10,987,591
Salary tax	1,597,491	1,966,512
Other payable taxes	1,331,447	1,369,558
<b>Total</b>	<b><u>10,983,864</u></b>	<b><u>14,323,661</u></b>

On 31 March 2022 the Company registered payment liabilities for contributions to the social security funds, salary tax and other taxes, which were due and paid in April 2022.

### 12. Income tax

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

The income tax expense in the first quarter 2022 and first quarter 2021 was the following:

	<u>Q I 2022</u>	<u>Q I 2021</u>
Current income tax	3,256,882	13,915,613
Deferred income tax	(727,791)	(1,467,590)
<b>Total</b>	<b><u>2,529,091</u></b>	<b><u>12,448,023</u></b>

**CNTEE Tranelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

*(All amounts are expressed in LEI, unless otherwise provided)***13. Operational revenues**

They comprise the revenues which were obtained by the Company's provision of transmission and system services on the electricity market, allocating the interconnection capacities, balancing market operation services and other revenues.

Tariffs approved by ANRE for services provided on the electricity market in quarter 1 2022 and quarter 1 2021 were as follows:

	Average transmission tariff	System service tariff
Order 124/25.11.2021 for 01 January – 31 March 2022	23.96	9.32
Order 10/24.02.2021 for 01 March – 31 March 2021	20.55	10.82
Order 214/09.12.2020 for 01 January – 28 February 2021	20.55	11.96

The average electricity transmission tariff 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 introducing electricity in the grid ( $T_G$ ) and extracting electricity from the grid ( $T_L$ ) were approved by ANRE Order 124/2021 beginning with 01 January 2022.

The electricity quantity delivered to consumers, where tariffs were applied for services provided on the electricity market was the following:

	Q I 2022	Q I 2021
Electricity quantity delivered to consumers (MWh)	14,345,315	14,925,052

Operational revenues achieved in quarter 1 2022 and in quarter 1 2021 were as follows:

	Q I 2022	Q I 2021
Transmission revenues	342,653,430	305,622,731
Revenues from the allocation of interconnection capacities	69,590,515	10,388,921
Reactive electricity revenues	554,686	121,252
Inter TSO Compensation (ITC) revenues	211,248	327,691
Revenues of CPT transactions	5,782,250	6,140,169
<b>Transmission revenues – total</b>	<b>418,792,129</b>	<b>322,600,764</b>
Revenues from technological system services	134,053,961	173,135,187
Revenues with unplanned exchanges on the DAM	-	74,318
Revenues of unplanned/scheduled exchanges-FSKAR-Ukraine	7,532	-
<b>System service revenues – total</b>	<b>134,061,493</b>	<b>173,209,505</b>
Balancing market revenues	665,038,635	220,223,106
Other revenues	12,611,174	10,281,649
<b>Total revenues</b>	<b>1,230,503,431</b>	<b>726,315,024</b>

*Transmission revenues*

They registered increase in amount of 37,030,699 in quarter 1, 2022 compared to quarter 1, 2021, as determined by higher average transmission service tariffs approved by ANRE (according to the fore-mentioned ANRE-approved tariffs in previous time periods) when the electricity quantity delivered to consumers decreased 3.88%, namely 579,737 MWh.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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

They increased in amount of 59,201,594 in quarter 1, 2022 compared to quarter 1, 2021 as corresponding to the utilisation of available interconnection capacities by traders on the electricity market.

The market allocating the interconnection capacities is fluctuating and prices develop depending on the demand and need of electricity market participants to procure interconnection capacity. The increase during the studied period was due both to the unit electricity price grown in all the European Union, determining a great price difference between coupled markets and to the electricity deficit registered Europe-wide. Implicit allocations provide capacity and electricity simultaneously and are strongly influenced by the electricity price variations on European exchanges.

The allocation mechanism of interconnection capacities consists in organising annual, monthly, daily and intraday bids. The annual, monthly and intraday bids (only on the Serbian border) are explicit as only the transmission capacity is auctioned, while the daily ones (Hungarian and Bulgarian borders) 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 electricity price 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. On 17 June 2021 Romania's Day-Ahead Market began operating under European coupling mechanism, having once implemented the DE-AT-PL-4M MC project, also known as Interim Coupling; thus the Romanian - Hungarian border was integrated into the single day-ahead markets coupling (SDAC). Beginning with 27 October 2021 the Romanian - Bulgarian frontier was integrated into the single day-ahead markets couplin (SDAC), and the cross-border capacity between Romania and Bulgaria is implicitly allocated.

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.

Beginning with 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 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 frontiers (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) 943/2019 regarding the internal electricity market as financing source of investments to upgrade and develop the interconnection capacities with neighbouring systems.

### *Revenues of CPT transactions*

Such CPT transaction revenues were mainly achieved by selling the excess electricity on the Intraday Market managed by OPCOM and by BRP CIGA ENERGY on the Balancing Market. Such revenues were smaller by 357,919 in the first quarter of 2022 compared to the first quarter of 2021.

### *Revenues from technological system services*

Such revenues registered decrease in amount of 39,081,226 in quarter 1, 2022 compared to quarter 1, 2021 as determined both by a diminished tariff approved by ANRE for such services (according to the fore-mentioned ANRE-approved tariffs in previous time periods) and by the 3.88% reduced electricity quantity delivered to consumers, namely by 579,737 MWh.

Technological system service activities have got specific regulatory framework, which contains regularising mechanisms that compensate the revenue excess or deficit compared to the expenses necessary to carry out such activities. Thus, in accordance with ANRE's regulations, the revenue surplus / deficit compared to recognised costs resulting from these activities will be compensated by ex-post (negative/positive) tariff correction applied by ANRE into the tariff of years following that when such surplus / deficit was recorded. The revenue surplus / deficit against costs resulting from such activities are calculated during tariff scheduling periods.

### *Balancing market revenues*

They increased in amount of 444,815,529 in quarter 1, 2022 compared to quarter 1, 2021, mainly determined by the following issues:

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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- Regulatory issues:
  - Bidding limits were removed from the balancing market according the *Regulation on the balancing market operation and settlement* and the *Regulation to schedule dispatchable generators, dispatchable consumers and dispatchable storage installations* approved by ANRE Order 61/31.03.2020;
  - Eliminating the obligation to participate on the balancing market according to the *Regulation to calculate and settle the imbalances of balancing responsible parties – single imbalance price and amending certain Orders of the President of the National Regulatory Authority in the Energy domain*, approved by ANRE Order 213/25.11.2020;
  - The balancing market adopted the settlement interval of 15 minutes;
  - Beginning with 1 February 2021 a single settlement price has been applied on the balancing market;
  - Beginning with 01 June 2021 a new set of common settlement rules was applied for electricity scheduled and unplanned exchanges (FSKAR calculation methodology – Financial Settlement of  $k\Delta f$ , ACE and Ramping Period) which provides financial settlement between Transmission System Operators thus removing the compensations in kind determined according to ENTSO-E's methodology by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland), which CNTEE Transelectrica SA transacted on the Day-Ahead Market. Settlement Centres will transmit the results to each Transmission System Operator as daily files with scheduled and unplanned exchanges (quantities – prices) calculated for such Transmission System Operator and each settlement interval. The established price is the weighted average of transaction prices on the Day-Ahead Markets of all ENTSO-E member states, such prices being expressed in Euro/MWh. Costs and revenues pointed out in JAO's invoice regarding settlement of electricity from unplanned exchanges will be included in the settlement calculation of the Balancing Market according to the provisions of ANRE Order 33/2021 amending and adding the Regulation to calculate and settle imbalances of balancing responsible parties – single imbalance price, approved by ANRE Order 213/2020. Revenues, namely expenses related to scheduled electricity exchanges (FSKAR-FCP-EU) and unplanned electricity exchanges (FSKAR-EU) are registered under balancing market revenues, namely balancing market expenses taking into account the changed settlement rules for imbalances on the electricity market, as the scheduled and unplanned electricity exchanges are integrated into the settlement mechanism of the balancing market;
  - Beginning with 01 January 2022 imbalance compensation rules are applied between all TSO-s according to the IN (Imbalance Netting) Platform. In this respect the European platform became operational as of 01.01.2022, the International Grid Control Cooperation (IGCC) or IN (Imbalance Netting) Platform to compensate imbalances of all TSO-s providing automatic frequency restoration based on part IV of Regulation (EU) 2017/1485. Mention should be made the International Grid Control Cooperation (IGCC) is the project selected in 2016 by ENTSO-E to become the future European imbalance netting platform, as defined in the Commission Regulation (EU) 2017/1485 of 02 August 2017 establishing a guideline on electricity system operation (article 22). The IGCC initiative was launched in 2010 by German operators and later was extended in central European systems, representing an optimisation of the frequency-control power secondary control by reducing the contrary actions of regulators of member operators, thus resulting an optimised utilisation of the Frequency Restoration Reserve with automatic activation (aFRR), overall.
- Market operation issues:
  - The contracting mode on the local and regional markets previous to the balancing one;
  - The development of the average price registered on the balancing market;
  - The development of hydraulic capacity;
  - The development of the electricity generation and load;
  - The development trend of CO<sub>2</sub> certificates;
  - The common settlement rules for scheduled electricity exchanges and the common settlement rules for unplanned electricity exchanges according to the provisions of Regulation (EU) 1485/2017 establishing a guideline on electricity system operation and Regulation (EU) 2195/2017 establishing a guideline on electricity balancing;

The regulations implemented in the national legislation according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market, the settlement made at 15 minutes', the application of the single settlement price on the balancing market, the European development context of the electricity market, the development of CO<sub>2</sub> certificate prices and the management of Covid-19 spreading country-wide had and will still have significant impact on the balancing market revenues / costs.

The regulatory framework specific for balancing market administration contains regularising mechanisms that compensate the revenue excess or deficit compared to the expenses necessary to carry out such activities. Thus, in accordance with ANRE's regulations the non-null monthly balances (revenue surplus / deficit) resulted from these activities will be compensated by means of ex-post (negative / positive) tariff correction, which ANRE applies to the tariff of years following that when such balances were recorded.

**CNTEE Tranelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

*(All amounts are expressed in LEI, unless otherwise provided)***14. System operation and balancing market expenses**

Expenses made in the first quarter of 2022 compared to the first quarter of 2021 were as follows:

	<b>Q I 2022</b>	<b>Q I 2021</b>
Expenses regarding one's technological consumption	255,366,490	93,444,473
Congestion expenses	157,055	177
Expenses for electricity consumption in RET substations	11,783,383	6,017,688
Expenses regarding functional system services	-	3,905,056
Inter TSO Compensation (ITC) expenses	6,236,501	5,378,925
<b>Total operational expenses</b>	<b>273,543,429</b>	<b>108,746,319</b>
Expenses regarding technological system services	121,301,215	143,061,438
Balancing market expenses	657,086,973	212,154,838
<b>Total</b>	<b>1,051,931,617</b>	<b>463,962,595</b>

*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 (DAM), the Balancing Market (PE) and the Intraday Market (PI) in order to cover one's own technological consumption (CPT / losses) within RET.

Such expenses regarding one's technological consumption were higher by 161,922,017 in quarter 1, 2022 compared to quarter 1, 2021 taking into account some issues such as:

- Given its characteristics one's Technological Consumption (CPT) in the Electricity Transmission Grid (RET) strongly depends on meteorological conditions, the electricity generation & consumption structure nation-wide, on the distribution of electricity flows in the internal transmission network and on interconnection lines with neighbouring power systems, its value being very little controllable or even not at all, given the regional interconnected and coupled electricity market;
- Market unpredictability was manifest by fast great price increase as a result of EU de-carbonation policies, in the context of higher prices for carbon emission certificates, of insufficient electricity generating capacities to replace output based on fossil fuel, especially coal; in the context of market liberalisation, the war in Ukraine, the absent competition between generators and absent competition of suppliers when purchasing electricity in order to carry out their contracts with many clients that selected the free market;
- The current situation of prices on the wholesale electricity market is fundamentally different from the circumstances of quarter 1, 2021 and from previous years. This difference is outstanding and obvious all over the European continent, not only in Romania. In this respect the wholesale electricity prices can be noticed in development on the European spot market, in the context of international circumstances. The European situation deteriorated rapidly since the beginning of the year, with an unprecedented energy stress especially for electricity and natural gas, which constitutes fuel to generate electricity;
- The average electricity price procured on the DAM was 1,084.73 Lei, more than four times higher in January - March 2022 compared to the same period of 2021, significantly exceeding the values registered these last years. The same trend is noticed Europe-wide, which has significant impact on the costs recorded in order to cover CPT;
- The legislative changes occurred on the balancing market (removing the price limits of offers on the balancing market, eliminating the obligation to participate on the balancing market, the application of a single settlement price on this market and the settlement interval of 15 minutes) have led to higher average electricity prices procured on the Balancing Market;

*Congestion expenses*

Congestions (network restrictions) are electricity transmission demands beyond the technical capacity limits of the network, requiring corrective actions of the transmission system operator; they occur whenever, during operation scheduling or real

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

time operation the power flow between two system nodes or zones leads to incompliance with the security parameters in the operation of a power system.

In the first quarter of 2022 congestion expenses amounting to 157,055 were recorded, mainly determined by:

- Congestions registered in January 2022, which required reduced output in certain wind power parks of south-eastern Romania caused by the power transit through SEN from Bulgaria to Hungary and Ukraine, overlapped by very high WPP generation. They determined very great power flows on the 400 kV OHL Smardan – Gutinas and on several lines from Moldova and Transylvania, and in certain cases even on north-southern SEN, exceeding the admissible flow values of characteristic sections 5 and 6 from SEN.

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

CNTEE Transelectrica SA has to procure electricity to cover the consumption for auxiliary services in high voltage electricity substations managed by the Company, with a view to provide safe electricity transmission in electric substations and secure operation of the National Power System (SEN).

Such expenses grew by 5,765,695 the first quarter of 2022 compared to the first quarter of 2021, increase owed to higher electricity procurement prices, as well as to the legislative changes applicable as of 01 July 2021, namely the provisions of ANRE Order 82/2021.

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

They represent monthly payment obligations / collection rights of each transmission system operator (TSO). Such expenses 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 I 2021 ITC expenses were 857,576 higher compared to the same period of last year.

### *Expenses regarding technological system services*

The Company procures such services from generators with a view to provide secure SEN operation and qualitative electricity transmitted at parameters required in technical applicable norms, based on the needs established by the National Power Dispatcher (organisational unit of the Company) that is responsible for the stable secure operation of SEN.

Such services are procured both under competitive and under regulated regime (according to the Decisions issued by the National Regulatory Authority in Energy) in case of reactive electricity reserves.

Technological system services are procured under competitive regime by means of daily auctions according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

In the first quarter of 2022 technological system services were contracted under regulated regime only for reactive electricity according to ANRE Decision 1078/2020, being provided by the Company Generating Electricity in Hydropower Plants Hidroelectrica SA.

Expenses regarding technological system services decreased in amount of 21,760,223 in quarter 1, 2022 compared to quarter 1, 2021. Procurement prices of system services on the competitive market in quarter 1, 2022 were around the following values:

- Average procurement price of secondary control reserves at 79.10 Lei/hMW;
- Average procurement price of fast tertiary control, power upgrade at 43.80 Lei/hMW;
- Average procurement price of fast tertiary control, power downgrade at 9.42 Lei/hMW;

Also in quarter 1, 2022 a high concentration was manifest on the technological system services market for secondary reserve (RS).

For the following intervals of 2022 estimations are technological system services will be procured by daily auctions per direction according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019, while the developments of ANRE's regulatory framework for electricity procurement will have significant impact on the costs to procure system services within CNTEE Transelectrica SA.

### *Balancing market expenses*

Such expenses made in quarter 1, 2022 amounted to 657,086,973 and were 444,932,135 higher than those made in quarter 1, 2021. These expenses result from the notifications / achievements of market participants .

**CNTEE Traselectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

*(All amounts are expressed in LEI, unless otherwise provided)***15. Personnel expenses**

	<b>Q I 2022</b>	<b>Q I 2021</b>
Expenses with employees' salaries	54,433,825	49,141,166
Social expenses	544,019	424,468
Tickets granted to employees	2,254,000	2,266,980
Expenses under the mandate contract and other committees, commissions	979,683	1,025,127
Social security and protection expenses	4,649,984	5,264,320
Provisions constituted for salary and assimilated expenses	(2,051,943)	(9,296,339)
Other expenses	51,601	155,380
<b>Total</b>	<b>60,861,169</b>	<b>48,981,102</b>

Total personnel expenses made in quarter 1, 2022 registered increase compared to quarter 1, 2021, mainly determined by the variation of certain expense items such as: higher personnel salaries and social expenses, and resuming parts of the constituted provisions into revenues together with payments made for OAVT certificates (OAVT = remunerations of executive and non-executive administrators consisting of variable component of OAVT packages allocated and not capitalised during the mandate terms executed in 2013-2017), and payments made under enforceable court orders the Company received.

**16. Other operational expenses**

	<b>Q I 2022</b>	<b>Q I 2021</b>
Other expenses with services provided by third parties	16,991,918	15,825,046
Postal expenses and telecommunication fees	93,669	181,594
Royalty and rent expenses	1,464,078	1,435,271
(Net) operational expenses with impairment allowance of current assets	572,028	45,351
Other expenses, of which:	2,349,459	19,225,129
- (Net) expenses for provisions for other operational expenses	(10,707,454)	(6,264,513)
- OAVT expenses according to court rulings	1,787,623	9,419,836
- Tax and charge expenses (ANRE tax, natural monopoly tax, other local taxes and charges)	4,810,188	7,548,295
- International subscription expenses	1,454,224	1,419,009
- Electricity procured for administrative utilisation	1,306,024	141,662
- Expenses for natural gas procured	882,327	490,321
- Travel expenses	637,201	679,618
- Merchandise expenses	405,177	247,010
- Sponsorship expenses	400,820	43,920
- Personnel transportation expenses	347,939	321,349
- Fine and penalty expenses, mainly from disputes	316,631	2,849,793
- Other fiscalyl non-deductible operational expenses	51,390	1,539,089
- Other operational expenses	657,369	789,740
<b>Total</b>	<b>21,471,152</b>	<b>36,712,391</b>

In the first quarter of 2022 such expenses diminished in amount of 15,241,239 compared to the first quarter of 2021, mainly determined by the variation of certain expense items such as:

- Certain provisions constituted for disputes were resumed into revenues;
- Certain expense items were diminished, such as: OAVT expenses paid under enforceable court rulings (performance bonus associated to OAVT Certificates granted to former executive and non-executive members and not capitalised by them, remuneration according to mandate contracts concluded in 2013 – 2017), tax and charge expenses, fines and penalties under existent disputes, etc.;
- Certain expense items increased, such as: electricity procured for administrative consumption, expenses for natural gas procured, etc.

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

*(All amounts are expressed in LEI, unless otherwise provided)***17. Net financial result**

	<b>Q I 2022</b>	<b>Q I 2021</b>
Interest revenues	244,734	628,881
Revenues from exchange rate differences	1,412,283	1,165,626
Other financial revenues	26,645	24,365
<b>Total financial revenues</b>	<b>1,683,662</b>	<b>1,818,872</b>
Interest expenses	(1,672,751)	(1,131,285)
Expenses from exchange rate differences	(2,103,845)	(2,068,947)
<b>Total financial expenses</b>	<b>(3,776,596)</b>	<b>(3,200,232)</b>
<b>Net financial result</b>	<b>(2,092,934)</b>	<b>(1,381,360)</b>

On 31 March 2022 the Company registered net financial result (loss) amounting to 2,092,934 which is 711,574 higher than that recorded in the same period of 2021. It was mainly influenced by interest rates applied during the studied interval, but also by the development in the exchange rate of the national currency against foreign currencies the Company has contracted bank loans to finance its investment programmes.

On 31 March 2022 in the total amount of 1,672,751 (interest expenses) 291,549 represent interest calculated for assets representing rights of use under a lease - buildings according to the provisions of IFRS 16 – Leasing contracts.

The national currency's exchange rate on 31 March 2022 compared to that on 31 March 2021 was the following:

<b>Currency</b>	<b>31.03.2022</b>	<b>31.03.2021</b>
Lei / Euro	4.9466	4.9251
Lei / US Dollar	4.4508	4.1969

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

The managerial team regularly analyse the ongoing disputes, and after consulting with legal representatives decide 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 (RAAN)**

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 claimant - the National Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10 October 2014 by Mehedinti Tribunal admitted the request filed by claimant 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 claimant in the application for summons, ordering the appeal - claimant 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 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

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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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.

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. This final decision was 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 26.03.2020 the hearing term was changed and the following one was set on 21.05.2020.

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

Also, there are other 4 files between RAAN and Transelectrica under various court judgment stages.

Under RAAN's bankruptcy file 9089/101/2013 Mehedinti Tribunal established on 11.06.2020 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.

On the 14.10.2021 hearing term the case was deferred, settlement in brief being: "It granted term to continue the procedure, namely capitalize the assets and perform the other liquidation operations".

On the 10.02.2022 hearing term the case was deferred, settlement in brief being: "to carry on the procedure, namely capitalise the assets, collect receivables and perform the other liquidation operations. The parties will be summoned by BPI" and the next term was established on **02.06.2022**.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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### • ROMANIA'S 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”. 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.

During the public hearing on 21.10.2020 the claimant's and defendant's appeals against ruling 2771 of 13 June 2018 pronounced by CAB, Section VIII of Administrative and Fiscal Disputes were denied as groundless, such decision being final.

Term: 28.10.2021, settlement details: CHANGED TERM

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**, with 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 case of file 6574/2/2017 on the hearing 19.10.2021 recourses were denied as groundless, which were filed by the recurrent-claimant National Power Grid Company Transelectrica SA against civil sentence 1074 of 8 March 2018 and against Hearing conclusion of 11 January 2018, pronounced by the Appeal Court Bucharest, Section VIII Administrative & Fiscal Disputes; final. It was pronounced at public hearing on 19 October 2021.

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, which CCR extended upon Company's request until 31.12.2021.

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.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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### **• 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 1, 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.

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 following term, 12.05.2020, the file was suspended during the entire emergency state.

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: 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**

File **22567/3/2019** was registered on the docket of Bucharest Tribunal pertaining to “claims”, a file where the Company is claimant and OPCOM SA is defendant.

Claimant CNTEE Transelectrica SA in its summons requested the instance to pronounce a ruling deciding to:

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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- Compel defendant OPCOM SA to pay 4,517,460 Lei under invoice TEL 16 AAA 19533/29.07.2016, representing the VAT amount of the contribution made by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under Loan Contract 7181RO/2003, a commitment to finance the investment of the “Electricity Market Project”;
  - Compel defendant OPCOM SA to pay 1,293,778.27 Lei under invoices TEL 19 T00 17/28.01.2019 and TEL 19 T00 131/10.07.2019, representing legal penalising interest calculated for the defendant’s failure to pay in due time invoice TEL 16 AAA 19533/29.07.2016;
  - Compel defendant OPCOM SA to pay law court expenses;

On the 03.07.2020 term the court submitted to the parties’ debate the request to suspend judging file 22567/3/2019, expressed by OPCOM but it remained to be pronounced.

On the 17.07.2020 hearing term the court pronounced the following settlement in brief: “It suspended judging the case until final settlement of file 31001/3/2017; appeal right was granted during the entire suspension. It was pronounced by placing the settlement at the parties’ disposal by the court clerk on 17.07.2020. Document: Conclusion – Suspension 17.07.2020”.

After final settlement of **file 31001/3/2017** CNTEE Transelectrica SA filed request to replace file 22567/3/2019 on the docket, since the case suspension reason ceased. Bucharest Tribunal replaced the case on the docket and established the hearing term on 05.11.2021.

On this term after the case call-over the instance enabled the parties to talk about the “exception of prescription of the material right to action”. When the parties formulated their verbal conclusions about such exception the instance remained to pronounce itself on it, but it deferred pronouncement to 03.12.2021.

On 03.12.2021 Bucharest Tribunal pronounced the following settlement in brief: “It admitted the exception of the prescription for the material right to action. It denies the case as prescribed; appeal right was granted within 30 from communication, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced by placing the settlement at the parties’ disposal on 03.12.2021. Document: Ruling 3021/2021 03.12.2021”.

Mention should be made to date the pronounced ruling under this file has not been drawn. When Civil Ruling 3021/03.12.2021 has been written and notified the Company can file appeal against it.

File **24242/3/2021** was on the docket of Bucharest Tribunal for settlement, whereby claimant is OPCOM SA, iar CNTEE Transelectrica SA is defendant.

This file pertains to ascertain the nullity of the deed - contribution in kind, substantiated by intangible assets, the transaction platform of the Commercial and Regional Electricity Exchanges, financed by loans contracted by CNTEE Transelectrica SA from IBRD under loan contract 7181RO/17.07.2003, as well as by own sources of CNTEE Transelectrica SA, which were obtained under service and deliverable contracts: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, substantiated by AGEA Decision 6/15.06.2016 and, later on, AGOA Decision 2/25.05.2017 and AGOA Decision 7/24.05.2018.

On the 11.04.2022 hearing term the instance placed the exceptions mentioned by CNTEE Transelectrica SA to the parties’ debate by contestation. On the same term the evidence proposed to be given under the case was discussed. The court deferred pronouncement to the new term established on **26.09.2022**, in order to submit the financial-accounting expertise proof to be brought to this file.

### **• 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 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

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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.

After several postponements to execute the expertise report a new term was established on **07.06.2022**.

### **• ROMENERGY INDUSTRY**

File **2088/107/2016** on the docket of Alba Tribunal pertains to "Bankruptcy - Request to be included in the creditors' list". Transelectrica filed request to be recorded in the creditors' list with 16,112,165.18 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.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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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.

On the 27.09.2021 term a new term was set on 31.01.2022 to continue the bankruptcy procedure, capitalise the assets and recover receivables.

On the 31.01.2022 term a new one was set on **16.05.2022** to continue the bankruptcy procedure by capitalising the assets and recovering receivables. 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.

### **• RESITA CITY**

File **2494/115/2018\*** AND file **2494/115/2018\*\*** registered on the docket of Caras Severin Tribunal pertained 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;
- 2,129,765.86 Lei representing land rent for 2019;
- 2,129,765.86 Lei representing land rent for 2020;
- Legal penalising interest from due date until actual payment;

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: Ruling 313/11.03.2019.

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.

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 22.03.2021 settlement in brief: It suspended the summons filed by claimant Resita City by its Mayor in contradiction with defendant National Power Grid Company Transelectrica SA pertaining to claims according to article 413 para (1) pt.1 of the Civil Procedural Code;** appeal right granted during the entire suspension, to be filed with the superior 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.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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.

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 of 08.02.2018.

After such competence declination 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 its 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.

File **1802/2/2018** is on the Appeal Court's docket, whereby the Company contested the administrative fiscal 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 request 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

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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**.

The parties filed appeal in March 2022.

On 12.04.2022 the Appeal Court Bucharest deferred the case on **10.05.2022**, in order to enable the claimant to get acquainted with the contestation content.

### • GRAND VOLTAGE

File **17976/3/2021** registered on the docket of Bucharest Tribunal pertained to summons whereby claimant Grand Voltage requested compelling defendant CNTEE Transelectrica SA to pay and repair the prejudice caused to the subscribed in quantum of 6,125,822.13 Lei as a result of culpable failure to perform the obligations under Work Contract C 111/23.05.2018 regarding the “100 kV OHL Isaccea -Varna and 400 kV OHL Isaccea-Dobrujda connection in the 400 kV substation Medgidia Sud, stage II- the 400 kV double circuit OHL joining substation Medgidia Sud”.

Hearing term: **09.05.2022** – absent expertise report.

### • OTHERS

The Company is involved in significant disputes especially to recover trade receivables (e.g.: Next Energy Partners, Petprod SRL, Total Electric Oltenia SA, Independent Authority for 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, Arelco Power SRL, Arelco Energy SRL, 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.

At the same time the Company is involved in disputes with former Directorate and Supervisory Board members pertaining to their mandate contracts the Company concluded with them. The Company has constituted a provision for such disputes.

#### *ii) Contingencies*

On 31 March 2022 **contingent liabilities** amounted to 25,162,828. They are associated to disputes pertaining to claims, representing additional costs after the minimum salary indexation in constructions for investment contracts.

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

The file pertains to claims, representing additional costs related to the minimum salary indexation in constructions and compelling to conclude an addendum to contract C54/2018.

Contract C54/2018 related to the investment project - *Refurbishing the 220/110 kV substation Craiova Nord*.

After several postponements of terms because of absent expertise report, the following term was established on 20.04.2022.

On the 20.04.2022 hearing term the TMB admitted the cancellation request of the judiciary expertise report filed by claimant ELECTROMONTAJ SA. It decided cancelling the Judiciary Technical Expertise Report in accounting speciality elaborated by expert OPRESCU RUXANDRA and executing a new expertise with the following targets:

- Determining the additional costs borne by claimant ELECTROMONTAJ SA after indexation of the minimum salary in constructions to the amount of 3,000 Lei/month for work provided under work contract C54 din 27.02.2018 in January 2019 - January 2021;

- Determining the additional costs generated by the indexation of the minimum salary in constructions to the amount of 3,000 Lei/month for work to be provided under work contract C54 din 27.02.2018, beginning with February 2021 until work completion.

A new hearing term was granted on **23.06.2022**.

- *File 25896/3/2020 - claimant Electromontaj Bucharest (10,000,000)*

The file pertains to claims, representing additional costs related to the minimum salary indexation in constructions for the

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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investment contract C229/2015 - *Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV / the 400 kV OHL Portile de Fier (Anina) – Resita.*

Hearing term: **07.06.2022** – to submit the expertise report.

- *File 27001/3/2021 – claimant Romelectro (3,523,710)*

The file pertains to claims, representing additional costs related to the minimum salary indexation in constructions for the investment contract C264/2017 - *Upgrading the 110 kV substations Bacau Sud and Roman Nord of the 400 kV axis Moldova.*

Hearing term: **03.06.2022.**

- *File 22368/3/2021 – claimant Romelectro (2,275,653)*

The file pertains to claims, representing additional costs related to the minimum salary indexation in constructions for the investment contract C260/2017 - *Upgrading the 110 și 400(220) kV installations of substation Focsani Vest.*

Hearing term: **10.06.2022.**

- *File 30801/3/2021 – claimant Romelectro (2,271,075)*

The file pertains to claims, representing additional costs related to the minimum salary indexation in constructions for the investment contract C145/2018 - *Refurbishing the 110 kV substation Medgidia Sud.*

At the session on 20.04.2022 the TMB settlement was: “It admitted the accounting expertise report with the following targets:

- The expert shall specify whether Romelectro fulfils the condition provided in article 66 of OUG 114/2018, namely whether 80% of Romelectro’s turnover is obtained from constructions, both in the year before the reference one (2018) and during the reference period (2019);

- The expert shall calculate the cost difference generated by higher human resource salaries used actually by Romelectro in the execution of Contract C145/2018 during the reference period and in the first two months before it, namely:

a) To specify for each employee (human resource actually used) individually whether it touched 3000 Lei/month salary or higher in November and December 2018;

b) When did the human resource’s salary grew to 3000 Lei/month;

c) What is the difference between the previous salary and that required by OUG 114/2018;

d) Whether in 01.11.2018 - 31.12.2018 Romelectro reduced the salaries of human resources used;

e) Specify which is the real cumulated cost difference in the human resource’s salary used by Romelectro to actually carry out the work under Contract C145/2018 in the reference period.

- The expert shall determine based on analytic cost estimates, what is the percentage, namely the amount by which Transelectrica should adjust the price of Contract C145/2018 for the man labour of the work remaining to be executed as of 01.01.2019 following the legislative changes brought about by OUG 114/2018 meaning it increased the minimum salary in construction to 3000 Lei/month;

- The expert shall determine the delay days/months registered in the execution of work under Work Contract C145/2018 as a result of financial problems met by Romelectro SA because Transelectrica refused to pay the adjusted value, namely how was the execution schedule impacted by such price inadjustment by Transelectrica under this Contract after the legislative changes instituted by OUG 114/2018, which increased the minimum salary in constructions to 3000 Lei/month.

It established the hearing term on 29 April 2022, 09:00 h, when the parties will be summoned.

On the hearing term of 29 April 2022 the case was deferred to submit the evidence and a term was set on **24.06.2022.**

All files pertaining to claims representing additional costs requested by claimants under work execution contracts will be shown in the amount of investments as they are settled in court and invoiced by such partners, except for law court expenses and penalties established in court.

At present there are disputes on the dockets with Romania’s Court of Audit regarding its controls of 2013, 2017 and 2020, provided in detail in the Disputes chapter.

Taking into account the Court of Audit’s findings registered in its Decisions following controls to the financial statements elaborated each quarter, semester and year we have specified it is possible to result additional fiscal liabilities for payment but, for the time being, they cannot be accurately determined according to the terms provided in Standard IAS 37 - Provisions, contingent liabilities.

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

### 19. Affiliated parties

#### i) Transactions with subsidiaries held by the Company

<u>Entity</u>	<u>Country of origin</u>	<u>31 March 2022 % of shares</u>	<u>31 December 2021 % of shares</u>
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 31 March 2022 and of 78,038,750 on 31 December 2021.

The gross value of Company's participations into its subsidiaries is as follows:

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

Thus, on 31 December 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 31 March 2022 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.

The share capital on 31 March 2022 amounted to 6,874,430 and was fully subscribed and 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 account books on 31 March 2022 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

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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.

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.

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.

## **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 31 March 2022 the share capital was of 31,366,090, of which 8,778,790 represents 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 National Office of the Trade Register from Bucharest Tribunal settled the registration request of share capital increase of OPCOM SA.

On 31 March 2022 the share capital of OPCOM SA was of 31,366,090 Lei, representing a number of 3,136,609 nominative shares of 10 Lei each and a 97.84% participation quota of CNTEE Transelectrica SA to benefits and losses.

## **FORMENERG SA**

Company FORMENERG SA with headquarters in Blvd. Gh. Sincai 3, Bucharest 4 and legal personality 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.

On 31 March 2022 the share capital was 1,948,420 fully subscribed and paid.

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

Company ICEMENERG SERVICE SA seated in Bucharest City 3, Blvd. Energeticienilor 8 has as main business the design, manufacture, implementation, repair, upgrade and market instrumentation, equipment, specific installations specializatin the country and abroad.

HG 2294/09.12.2004 approved the transfer of the shares package 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 of 493,000 for the shares held in 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.

On 31 March 2022 the share capital was of 493,000, subscribed and fully paid.

The balances of Company subsidiaries are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	31 March 2022	31 December 2021	31 March 2022	31 December 2021
SMART SA	881,797	713,183	28,272,845	8,944,881
TELETRANS SA	142,760	145,830	16,772,802	13,435,678
FORMENERG SA	-	-	-	-
OPCOM SA	1,009,639,028	634,763,661	1,003,307,699	627,502,394
<b>TOTAL</b>	<b>1,010,663,585</b>	<b>635,622,674</b>	<b>1,048,353,346</b>	<b>649,882,953</b>

\*) Trade receivables are provided at gross value.

The transactions performed in quarter 1, 2022 and quarter 1, 2021 with Company subsidiaries are detailed as follows:

AFDILIATED ENTITY	Sales		Achiziții	
	Quarter I 2022	Quarter I 2021	Quarter I 2022	Quarter I 2021
SMART SA	319,469	175,495	26,931,852	13,634,292
TELETRANS SA	178,604	95,603	9,906,016	6,994,724
FORMENERG SA	-	-	286	-
OPCOM SA	1,642,166,363	147,141,881	542,250,145	205,538,282
<b>Total</b>	<b>1,642,664,436</b>	<b>147,412,979</b>	<b>579,088,299</b>	<b>226,167,298</b>

ii) *Salaries of Company management*

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

	Quarter I 2022	Quarter I 2021
Short term benefits	5,767,259	5,063,306
Other long term benefits	11,341	26,800
<b>Total</b>	<b>5,778,600</b>	<b>5,090,106</b>

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

*(All amounts are expressed in LEI, unless otherwise provided)***20. 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 under a financial instrument. Such risk results mainly from trade receivables as well as cash and cash equivalents.

The counterparty risk treatment relies on Company's internal and external success factors. External success factors, which systematically reduce this risk are: decentralising the energy sector with distinct generation, transmission, distribution and supply activities, and the client interface is represented by the supplier; electricity transactions on the Romanian market takes place on two market segments: the regulated and the competitive market. Internal success factors for the treatment of the counterparty risk include: diversifying the clients' portfolio as well as the number of services provided on the electricity market.

Financial assets that might expose the Company to the collection risk are mainly trade receivables and cash and cash equivalents. The Company has applied a number of policies providing that 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 loss allowances represents the maximum amount subjected to the collection risk.

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

	<u>31 March 2022</u>	<u>31 December 2021</u>
<b>Financial assets</b>		
Net trade receivables	2,118,739,317	2,049,045,366
Other net receivables and down payments to suppliers	1,057,011,431	824,401,867
VAT to recover	267,462,192	122,134,375
Cash and cash equivalents	90,127,224	252,225,142
Other financial assets	-	-
<b>Total</b>	<b>3,533,340,164</b>	<b>3,247,806,750</b>

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

	<b>Gross value</b>	<b>Impairment allowance</b>	<b>Gross value</b>	<b>Impairment allowance</b>
	<u>31 March 2022</u>	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>31 December 2021</u>
Not reached to maturity	2,022,516,346	466,750	1,935,282,443	43,381
Due date exceeded 1 – 30 days	773,355	-	22,558,019	-
Due date exceeded 31 – 90 days	6,234,398	40,205	(343,107)	-
Due date exceeded 90 – 180 days	106,425	1,788	13,072,815	12,540,751
Due date exceeded 180 – 270 days	12,582,541	12,552,216	92,051	22,582
Due date exceeded 270 – 365 days	545,241	24,373	622,364	74,967
More than one year	221,287,131	132,220,788	222,868,727	132,426,265
<b>Total</b>	<b>2,264,045,437</b>	<b>145,306,120</b>	<b>2,194,153,312</b>	<b>145,107,946</b>

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

	<b>Gross value</b>	<b>Impairment allowance</b>	<b>Gross value</b>	<b>Impairment allowance</b>
	<u>31 March 2022</u>	<u>31 March 2022</u>	<u>31 December 2021</u>	<u>31 December 2021</u>
Not reached to maturity	1,284,792,211	3,187	915,346,210	8,469,053
Due date exceeded 1 – 30 days	12,621,113	11,260,155	197,143	14
Due date exceeded 31 – 90 days	1,254,486	6,587	11,358,697	2,107,673
Due date exceeded 90 – 180 days	8,882,867	-	1,350,180	483,743
Due date exceeded 180 – 270 days	4,077,176	622,609	1,170,464	482,365
Due date exceeded 270 – 365 days	2,219,197	1,541,523	3,420,760	970,217
More than one year	77,613,543	53,552,909	80,611,154	54,405,301
<b>Total</b>	<b>1,319,460,593</b>	<b>66,986,970</b>	<b>1,013,454,608</b>	<b>66,918,366</b>

## CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements as of 31 March 2022

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

Transelectrica's policy 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 31 March 2022, calculated for trade receivables and their associated penalties were registered for CET Govora (25,108,898), 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), Romelectro SA (12,955,958), GETICA 95 (12,540,731), Elsaco Energy (9,276,118), and RAAN (8,516,707).

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.

The development of **impairments allowances for clients** was the following:

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Balance on 1 January</b>	<b>145,107,946</b>	<b>134,733,880</b>
Recognition of impairment allowances	476,827	14,686,349
Impairment allowances resumed	278,653	4,312,283
<b>Balance at the end of the period</b>	<b>145,306,120</b>	<b>145,107,946</b>

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

	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Balance on 1 January</b>	<b>66,918,366</b>	<b>56,855,137</b>
Recognition of impairment allowances	71,276	14,780,396
Impairment allowances resumed	2,672	4,717,167
<b>Balance at the end of the period</b>	<b>66,986,970</b>	<b>66,918,366</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. The collection risk associated to such receivables is limited, because such amounts are mainly owed by state-owned companies.

Cash has been placed into financial institutions considered as providing minimum risk.

## 21. Later events

### • Indirect major holdings of NN Group NV (over 5% of the share capital of TEL)

The percentage held in intended mode on 11 April 2022 by NN Group NV was of 5.62% of the Company's share capital.

### • Decision 3 of the Shareholders' General Ordinary Assembly of 18 April 2022

On 18 April 2022 the Shareholders' General Ordinary Assembly approved beginning with 22 April 2022 until 21 August 2022 appointing the following Supervisory Board members in the Company, with four months' mandate:

- Mrs. Oana-Cristina BALACCIU;
- Mr. Adrian-Nicolae BLAJAN;
- Mr. Catalin-Andrei DASCAL;
- Mr. Victor- Florin DUMITRIU;
- Mr. Dumitru Virgil ORLANDEA;
- Mr. Costin-Mihai PAUN;
- Mr. Alexandru-Cristian VASILESCU.

## **CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

At the same time they established the remuneration of Supervisory Board members as being calculated according to article 8 of OUG 109/2011, approved with amendments and additions by Law 111/2016 and approved the form of the mandate contract to be concluded with Supervisory Board members and the person that will sign the mandate contracts of Supervisory Board members on behalf of the Company.

### **• Decision 4 of the Shareholders' General Ordinary Assembly of April 2022**

On 28 April 2022 the Shareholders' General Ordinary Assembly approved:

- The stand-alone financial statements of the National Power Grid Company Transelectrica SA for 2021 financial year;
- The consolidated financial statements of the National Power Grid Company Transelectrica SA for 2021 financial year;
- Accounting profit distribution, which remained after income tax deduction on 31.12.2021;
- Constituting the reserves for the revenues achieved by allocating transmission capacity on interconnection lines in 2021, from the surplus obtained of taxable and non-taxable revaluation reserves when their destination changes;
- Releasing the Directorate and Supervisory Board members of their managerial liability for 2021;

### **• Convocation of the shareholders' general extraordinary assembly**

The Company Directorate convened on 16 May 2022 the Shareholders' general extraordinary assembly with the following agenda:

- Approving the addition in the Company's business of activities encoded according to CAEN code: 3511 Electricity generation and changing accordingly the Articles of Association by adding article 6 let. B with this formulation: "*Electricity generation (exclusively for the Company's own consumption) - activity of electricity generating installations; including thermal, nuclear, hydropower plants, with gas turbines, diesel and recoverable energy – CAEN code 3511*".
- Approving the move of the Company's headquarters of Bucharest City 1, Blvd. General Gheorghe Magheru 33 to Bucharest City 3, Str. Olteni 2-4, Platinum Centre Building and changing accordingly article 3 para (1) of the Articles of association, the new formulation being: "(1) Transelectrica has its headquarters in Romania, Bucharest City 3, Str. Olteni 2-4, Platinum Centre Building and secondary offices in Blvd. Hristo Botev 16-18, Bucharest 3".

### **• Smart Grid CARMEN project has officially become Project of Common Interest of the European Union**

The Smart Grid Carpathian Modernised Energy Network (CARMEN) project developed by Delgaz Grid SA and CNTEE Transelectrica SA under partnership with the Hungarian transmission operator MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt, received the final approval from the European Union, being included in the fifth list of energy Projects of Common Interest (PCI).

Projects of Common Interest are key projects of power cross-border infrastructure with a view to achieve a more integrated and resilient internal European electricity market and supervise the energy and climate objectives.

The current PCI List includes 98 projects: 67 projects of electricity transmission and storage, 20 of natural gas, 6 of CO2 networks 5 projects of smart grids.

CARMEN project amounts to about 150 million Euro, its financing request will be submitted in the second half of 2022.

Implementation will last 6 years beginning with 2023 until 2028.

### **• Appointing the Chairman and the Consultative Committees of the Supervisory Board**

On 3 May 2022 the Supervisory Board elected Mr. Catalin-Andrei DASCAL as chairman and designated the members of consultative committees of the Supervisory Board as follows:

#### **Nomination and remuneration committee:**

Alexandru-Cristian VASILESCU – chairman

Oana-Cristina BALACCIU

Costin-Mihai PAUN

Dumitru Virgil ORLANDEA

Catalin-Andrei DASCĂL

**CNTEE Transelectrica SA**

Notes to the stand-alone interim financial statements as of 31 March 2022

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

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**Audit committee:**

Oana-Cristina BALACCIU – chairperson

Adrian-Nicolae BLAJAN

Victor- Florin DUMITRIU

Cătălin-Andrei DASCAL

Costin-Mihai PAUN

**Energy security committee:**

Costin-Mihai PAUN – chairman

Alexandru-Cristian VASILESCU

Victor- Florin DUMITRIU

Adrian-Nicolae BLAJAN

Dumitru Virgil ORLANDEA