

NPG TRANSELECTRICA SA
Company managed by two-tier system

Condensed Consolidated Interim Financial Statements
as of and for the 6 months' period ending on
30 June 2022

Elaborated in accordance with the
International Financial Reporting Standards adopted by
European Union,
International Accounting Standard 34 – “Interim Financial Reporting”

NPG TRANSELECTRICA SA
CONSOLIDATED FINANCIAL POSITION AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	Nota	30 june 2022	31 december 2021
Assets			
Non-current assets			
Tangible assets		3,900,567	3,881,441
Assets representing rights of use under a lease - buildings		28,010	32,690
Intangible assets		9,663	7,404
Financial assets		40,489	36,340
Total non-current assets	4	3,978,728	3,957,875
Current assets			
Inventories		49,923	48,681
Trade and other receivables	5	2,907,354	2,985,893
Profit tax recoverable		15,380	21,112
Other financial assets		-	-
Cash and cash equivalents	6	124,586	264,656
Total current assets		3,097,244	3,320,342
Total assets		7,075,971	7,278,217
Shareholder's equity and liabilities			
Shareholders' equity			
Share capital		733,031	733,031
Share premium		49,843	49,843
Legal reserve		137,927	137,927
Revaluation reserve		767,214	801,800
Other reserves		37,156	31,186
Retained earnings		1,697,852	1,631,074
Total shareholders' equities attributable to Group owners	7	3,423,022	3,384,861
Non-controlling interests		-	-
Total equity		3,423,022	3,384,861
Non-current liabilities			
Long term deferred revenues	8	441,370	443,437
Long term Borrowings	9	67,489	79,455
Other loans and assimilated debts - Non-current building lease liabilities	10	20,386	24,656
Deferred tax liabilities		117,787	120,927
Employee benefits obligations		75,272	75,272
Total non-current liabilities		722,304	743,747

NPG TRANSELECTRICA SA
CONSOLIDATED FINANCIAL POSITION AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	Nota	<u>30 june 2022</u>	<u>31 december 2021</u>
Current liabilities			
Trade and other liabilities	10	2,668,145	3,007,137
Other loans and assimilated debts - Current building lease liabilities	10	9,072	8,966
Other tax and social security liabilities	12	15,181	20,527
Current Borrowings	9	166,436	27,579
Provisions	11	40,103	53,662
Short term deferred revenues	8	31,709	31,738
Income tax payable		-	-
Total current liabilities		<u>2,930,645</u>	<u>3,149,609</u>
Total liabilities		<u>3,652,949</u>	<u>3,893,356</u>
Total shareholders' equity and liabilities		<u>7,075,971</u>	<u>7,278,217</u>

NPG TRANSELECTRICA SA
CONSOLIDATED PROFIT AND LOSS ACCOUNT STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	Nota	30 june 2022	30 june 2021
Operating revenues			
Transmission revenues		832,550	612,467
System service revenues		251,720	321,353
Balancing market revenues		1,494,831	468,866
Other revenues		38,719	25,926
Total operating revenues	14	2,617,819	1,428,611
Operating expenses			
System Operating Expenses	15	(466,036)	(202,145)
Balancing market expenses	15	(1,494,866)	(456,126)
Technological system services expenses	15	(230,820)	(291,462)
Depreciation and amortization		(135,134)	(132,462)
Personnel expenses	16	(168,827)	(148,649)
Repairs and maintenance expenses		(28,329)	(23,178)
Materials and consumables		(21,116)	(11,271)
Other operational expenses	17	(31,156)	(46,825)
Total operating expenses		(2,576,283)	(1,312,117)
Operating result		41,536	116,493
Financial revenues		6,171	3,644
Financial expenses		(9,675)	(5,686)
Net finance result	18	(3,504)	(2,042)
Profit before income tax		38,032	114,451
Income tax	13	(6,421)	(16,255)
Result for the year from continuing operations		31,611	98,196
Profit of the period			
Attributable to:			
Owners of the Group		31,611	98,196
Non-controlling interests		-	-
Basic and diluted earnings per share (lei/share)		0.43	1.34

The presented consolidated interim financial statements were signed by the Company's management on August 10, 2022.

Directorate,

**Gabriel
ANDRONACHE**

Chairman
Directorate

**Ștefăniță
MUNTEANU**

Member
Directorate

**Cătălin-Constantin
NADOLU**

Member
Directorate

**Bogdan
TONCESCU**

Member
Directorate

**Florin-Cristian
TĂTARU**

Member
Directorate

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

Cristiana Zîrnovan
Manager Departament Bugetare și Raportare
Managerială

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022

(All amounts are presented in thousand RON, unless otherwise indicated)

	Share capital	Share premium	Legal reserve	Revaluation reserves	Other reserve	Retained result	Attributable to the group	Minority interests	Total
Balance on January 1, 2022	733.031	49.843	137.927	801.800	31.186	1.631.074	3.384.861	0	3.384.861
Comprehensive result of the period									
Result of the period	-	-	-	-	-	31,611	31,611	-	31,611
Other comprehensive revenue items									
Recognising the actuarial loss/profit of the benefit plan	-	-	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-	-	-
Liability regarding deferred tax associated to the revaluation reserve	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue items	-	-	-	-	-	-	-	-	-
Total comprehensive result of the period	-	-	-	-	-	31,611	31,611	-	31,611
Legal reserve indexation	-	-	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained result	-	-	-	(34,587)	-	34,587	-	-	-
Minority interests from participation	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	-	126	126	-	126
Total other items	-	-	-	(34,587)	-	34,713	126	-	126
Derecognition of assets like public domain by registering HGs 615, 682 and 683 of 2019 changing the inventory of assets from the public domain	-	-	-	-	-	-	-	-	-
Subsidies associated to public domain assets	-	-	-	-	5,970	-	5,970	-	5,970
Other reserves	-	-	-	-	-	454	454	-	454
Dividends distribution	-	-	-	-	-	-	-	-	-
Total transactions with owners	-	-	-	-	5,970	454	6,423	-	6,423
Balance on June 30, 2022	733,031	49,843	137,927	767,214	37,156	1,697,852	3,423,022	-	3,423,022

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF JUNE 30, 2022

(All amounts are presented in thousand RON, unless otherwise indicated)

	Share capital	Share premium	Legal reserve	Revaluation reserves	Other reserve	Retained result	Attributable to the group	Minority interests	Total
Balance on January 1, 2021	733,031	49,843	137,833	872,379	17,482	1,614,444	3,425,012	-	3,425,012
Comprehensive result of the period									
Result of the period	-	-	-	-	-	1,304	1,304	-	1,304
Other comprehensive revenue items									
Recognising the actuarial loss/profit of the benefit plan	-	-	-	-	-	9,382	9,382	-	9,382
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-	-	-
Liability regarding deferred tax associated to the revaluation reserve	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue items	-	-	-	-	-	9,382	9,382	-	9,382
Total comprehensive result of the period	-	-	-	-	-	10,686	10,686	-	10,686
Legal reserve indexation	-	-	94	-	-	(94)	-	-	-
Transfer of revaluation reserves into retained result	-	-	-	(70,579)	-	70,579	-	-	-
Minority interests from participation	-	-	-	-	-	-	-	-	-
Other items	-	-	-	-	(599)	(789)	(1,388)	-	(1,388)
Total other items	-	-	94	(70,579)	(599)	69,696	(1,388)	-	(1,388)
Derecognition of assets like public domain by registering HGs 615, 682 and 683 of 2019 changing the inventory of assets from the public domain	-	-	-	-	-	-	-	-	-
Subsidies associated to public domain assets	-	-	-	-	14,303	-	14,303	-	14,303
Other reserves	-	-	-	-	-	22	22	-	22
Dividends distribution	-	-	-	-	-	(63,774)	(63,774)	-	(63,774)
Total transactions with owners	-	-	-	-	14,303	(63,752)	(49,449)	-	(49,449)
Balance on December 31, 2021	733,031	49,843	137,927	801,800	31,186	1,631,074	3,384,861	-	3,384,861

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CASH FLOW ON JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	30 june 2022	30 june 2021
Cash flows from operational activities		
Profit of the period	31,611	98,196
Adjustments for:		
Income tax expense	6,421	17,221
Amortisement expense	135,134	133,442
Expenses with adjustments for trade receivables impairment	1,258	1,451
Revenues from reversal of adjustments for trade receivables impairment	(797)	(1,898)
Losses from various debtors	-	36
Net revenues with adjustments for various debtors impairment	9,955	(340)
Net expenditures with adjustments for inventories impairment	185	1,072
Net profit/ loss on sale of tangible assets	37	369
Net expenditures on adjustments of value regarding tangible assets	102	272
Expenses/Revenues regarding provisions for risks and expenses, net	(13,406)	(21,771)
Interest expense, interest revenue and unrealised exchange rate gains	3,636	2,410
Cash flows before changes to working capital	174,135	230,460
Changes in:		
Inventories	(838)	22,375
Clients and assimilated accounts	59,567	(179,609)
Debts paid Tax decision NAFA	-	(2,140)
Trade payables and other liabilities	(313,428)	45,204
Other loans and assimilated debts - Building lease	-	(4,383)
Other taxes and social insurance liabilities	(5,346)	(5,621)
Deferred revenues	2,627	47,032
Cash flows from operational activities	(83,283)	153,319
Paid interests	(4,843)	(2,519)
Paid income tax	(545)	(16,514)
Net cash generated from operational activities	(88,671)	134,286
Cash flows from the investment activity		
Acquisition of tangible and intangible assets	(176,255)	(213,976)
Proceeds from EC non-reimbursable financing	1,999	-
Received Interests	642	1,429
Proceeds from sale of tangible assets	12	-
Dividends received/paid	1,535	22
Net cash used in the investment activity	(172,066)	(212,526)

NPG TRANSELECTRICA SA
CONSOLIDATED STATEMENT OF CASH FLOW ON JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	30 iunie 2022	30 iunie 2021
Cash flows used in financing activities		
Repayments of non-current borrowings	(11,928)	(11,813)
Use of working capital credit line	132,311	-
Use of credit line Smart	6,568	(167)
Building lease payments	(5,672)	(5,239)
Dividends paid	(611)	7
Net cash used in financing activities	120,668	(17,213)
Cash and cash equivalents as at January 1st	264,656	569,847
Net decrease in cash and cash equivalents	(140,069)	(95,452)
Cash and cash equivalents at the end of the period	124,586	474,395

Note: On 30.06.2022, the variation of the building lease was reclassified from the position " Other loans and assimilated debts - Building lease" to the position " Trade payables and other liabilities".

1. DESCRIPTION OF ACTIVITIES AND GENERAL INFORMATION

The main activity of NPG Transelectrica SA ("Company") and of its subsidiaries (called with the Company, "Group") consists in: provision of electricity transmission services and of system services, balancing market operator, administrator of the bonus type support scheme, other associated activities. They are performed in accordance with the provisions of operational licence 161/2000 issued by ANRE, updated by ANRE Decision 687/04.05.2022, with the General terms associated to the licence, approved by ANRE Order 104/2014, with later amendments and additions and with the final Company certification as transmission and system operator of the National Power System, according to the ownership unbundling model under ANRE Order 164/07.12.2015.

Headquarters address is: Olteni Street nr. 2 – 4, sector 3, Bucharest. Currently, the activity of the Company's executive is carried out at the same address declared also work point.

The Group's consolidated financial statements of 30 June 2022 elaborated in accordance with the International Financial Reporting Standards adopted by the European Union are available at the Company's working location in Str. Olteni 2-4, Bucharest 3, Romania and on the Company's website.

The consolidated financial statements of the Group as of June 30, 2022 are not audited.

These Consolidated Financial Statements elaborated as of June 30, 2022 include the financial statements of the parent Company and of its subsidiaries Smart SA and Teletrans SA, jointly called the "Group".

GROUP STRUCTURE

The main Group subsidiaries included in the consolidation and the percentage of shares held by the Company are provided below:

Entity	Country of origin	30 iunie 2022	31 Decembrie 2021
		% of shares	% of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100

SMART SA

SMART SA seated in Blvd Magheru 33, Bucharest 1 and central headquarters in Blvd. Gheorghe Sincai, Formenerg Building, 1st floor, Bucharest 4 has the reviews and repairs of energised instrumentation and equipment, transformers and auto-transformers as main business. It was established under HG 710/19.07.2001 on 1 November 2001.

The Shareholders' General Extraordinary Assembly of Smart SA approved by Decision 14/10.12.2014 to increase the share capital of Smart SA by contribution in kind with the value of lands which ownership certificates were obtained for and the Romanian State shareholder was introduced. Later it was cancelled after pronouncement of Appeal Court Bucharest of civil sentence 835/2019 under file 7763/2/2018.

Civil sentence 598/11.06.2020 pronounced under file 37718/3/2019 by Bucharest Tribunal decided erasing mention 449314/23.12.2014 which registered with ONRC Decision 12375/22.12.2014 of the Board of Administration's Chairman on increasing the share capital and amending the Articles of association.

On 20.11.2020 Subsidiary SMART SA registered with the Trade Register Office from Bucharest Tribunal the amendments included in civil sentence 598/11.06.2020, as well as the amendments of the Articles of Association approved by AGA on 25.09.2019 in compliance with civil sentence 835/2019, pronounced by the Appeal Court Bucharest.

Consequently on the date of these financial statements the share capital of SMART SA has been subscribed and fully paid by NPG Transelectrica SA in its capacity of single shareholder.

Subsidiary SMART SA has as main business revisions and repairs to energised instrumentation and equipment, transformers and autotransformers, remedy of incidents in electric installations, and micro-production of electric equipment. The Company has 8 subsidiaries with no legal personality, situated in the same locations as Transelectrica's territorial units.

The mission which SMART SA was established for has been and still is to provide preventive

maintenance, special work and corrective maintenance to the Electricity Transmission Grid (RET) starting from the primordial objective of Transelectrica: to provide electricity transmission in the national transmission network under safe steady state conditions.

The main general strategic objectives are at least the following:

- ✓ Providing high availability of RET assets
- ✓ Increasing operational resilience
- ✓ Diminishing intervention times
- ✓ Coordinating maintenance services / work with the outage schedule of the National Power Dispatcher (DEN)

On June 30, 2022 the share capital was of 38.529, of which 38.529 subscribed and fully paid by the Company as single shareholder.

TELETRANS SA

Teletrans SA with registered office in Bdul Hristo-Botev, no. 16 – 18, sector 3, Bucharest and with its headquarters at the work point in Stelea Spătarul street, no. 12, sector 3, Bucharest, was established under AGA Decision 13/04.12.2002 of Transelectrica, according to Law 31/1990 and to Orders 3098 and 3101 of 23.10.2002 from the Ministry of Industry and Commerce. TELETRANS shares are 100% held by Transelectrica.

In accordance with its by-laws and applicable norms Teletrans holds the ANCOM certificate of networks supplier or of electronic communication services as of 2002 (OUG 679/2002), whereby it benefits of the right to provide the following electronic communication services:

- Public networks of electronic communications (beginning with 11.11.2004);
- Electronic communication services dedicated to the public: (i) Leased line services and (ii) Services of electronic communications, others than phone and leased lines (beginning with 01.07.2003);
- Private networks and electronic communications services (beginning with 15.01.2003).
- Also the personnel of TELETRANS benefit of certifications relevant for the operation and administration of IT&C systems dedicated to critical infrastructures;

On June 30, 2022 the share capital was of 6.874 (687.443 shares, 10 Lei nominal value), Transelectrica being single shareholder. Teletrans' results are consolidated with the Company's.

Group mission

The mission of this Group is to provide secure operation of the National Power System (SEN) while complying with the norms and performance provided in applicable technical regulations and to provide public services to all users of electricity transmission networks, under transparent non-discriminating equidistant conditions for all market participants.

2. BASES OF ELABORATION

Statement of conformity

The Consolidated Interim Financial Statements are presented in accordance with the requirements of IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of financial statements in accordance with IFRS and should be read together with the Consolidated Financial Statements prepared as of and for the financial year ended 31 December 2021. However, certain explanatory notes are included for to explain the events and transactions that are significant for the understanding of changes in the financial position and performance of the Group since the last consolidated annual financial statements as of and for the financial year ended 31 December 2021.

Utilisation of estimations and reasonings

The significant judgments used by management in applying the Company's accounting policies and the main sources of uncertainty relating to estimates were the same as those applied to the separate financial statements as of and for the financial year ended December 31, 2021.

3. ACCOUNTING POLICIES

The accounting policies applied in these consolidated interim financial statements are the same as those

applied in the Company's separate financial statements as of and for the financial year ended June 30, 2022.

Bases of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group has control over an entity when it is exposed to, or is entitled to variable gains resulting from its involvement into the entity and has the capacity to influence such gains by its power over the entity. Financial statements of subsidiaries are included in the consolidated financial statements from the time when control begins until it ends.

On the elaboration date of these consolidated financial statements Transelectrica comprises six subsidiaries, Romanian legal persons organised as joint-stock companies, of which it is the sole shareholder: Formenerg, Teletrans, Smart, Icemenerg Service, Icemenerg SA (Energy Research and Modernising Institute ICEMENERG SA is a subsidiary which, for the time being, has been cancelled with ONRC), while in the OPCOM subsidiary, the Company holds a 97.84% share.

From among Company subsidiaries only companies Smart and Teletrans are included in the Group's financial consolidation. Formenerg and Icemenerg-Service have not been taken into account for consolidation because, in accordance with applicable accounting legislation, the impact of their activities is considered insignificant for consolidation, while Transelectrica does not exercise direct actual control over the decision-making mechanisms of OPCOM, administered in accordance with regulations established by ANRE.

Subsidiary FORMENERG is Company with the main business of the initial and permanent professional training in all domains of the personnel with attributions in the power domain from all sectors of national economy and of other beneficiaries, which clients include Transelectrica, ENGIE Romania, Romgaz, Transgaz Medias, Nuclearelectrica and Hidroelectrica.

Subsidiary ICEMENERG SERVICE SA focused on the design, manufacture and distribution of metering, management and control instrumentation meant for the power system, having ISO 9001 and IQ NET certification by SRAC ROMANIA, ANRE licensed. On 09.06.2017 Bucharest Tribunal, Section VII Civil, decided the initiation of bankruptcy by simplified procedure of debtor ICEMENERG SERVICE SA, designating Solvendi SPRL as provisional judiciary liquidator.

On 27.04.2021 by letter 18759 the Special Administrator of Subsidiary ICEMENERG Service SA informed that on 23.04.2021 following auction the assets of Subsidiary ICEMENERG Service SA, both its movable and imovable assets were entirely capitalised, buyer being Portland Trust Developements Five SRL.

Subsidiary OPCOM SA was established according to HG 627/2000 on the reorganisation of the National Electricity Company SA, as subsidiary having Transelectrica as sole shareholder.

In accordance with the provisions of applicable primary and secondary legislation Company Electricity and Natural Gas Market Operator OPCOM SA performs as administrator of the electricity market, providing an organised viable efficient framework for commercial transactions on the wholesale electricity market and it also provides administration of centralised natural gas markets under consequent correct objective independent equidistant transparent non-discriminating conditions.

Transelectrica does not exercise direct actual control over OPCOM's decision-making mechanisms, since it is administered according to regulations established by ANRE. The elements provided in the IFRS International Standard 10 are specified because they need to be taken into consideration when establishing the exercise of control. Thus, in accordance with IFRS 10 an investor controls an entity if and only if it holds all the following items:

- a. Power over the entity where the investment is
- b. Exposure to or rights on the variable productivity from its involvement in the entity invested into
- c. Capacity to use its power over the entity invested into to impact the investor's profitability.

(ii) Loss of control

When losing control the Group derecognises the subsidiary's assets and liabilities, any interest that is not

controlling other components of own capitals attributable to the subsidiary. Any surplus or deficit resulting from loss of control is recognised in the profit or loss account. If the Group maintains any interest in its former subsidiary, then such interest is appraised at fair value from the date when control is lost onward. Subsequently such interest is accounted by the equivalence method, or as available financial asset for sale, depending on the extent of influence kept.

(iii) Transactions eliminated from consolidation

Balances and transactions performed within the Group and any unrealised revenues or expenses resulting from Group transactions are removed when elaborating the consolidated financial statements. Unrealised profits associated to transactions with affiliated entities and accounted by the equivalence method are removed as counterpart of the investment in the affiliated entity, to the extent of the Group's interest for associated entities. Unrealised losses are eliminated similarly to unrealised gains, however only to the extent in which there are no value depreciation indexes.

4. TANGIBLE, INTANGIBLE AND FINANCIAL ASSETS

a) Tangible assets

The higher total value of tangible assets on 30 June 2022 compared to 31 December 2021 was determined by augmented values of tangible assets in progress while registering the amortisement of tangible assets.

In the first semester of 2022, tangible assets in progress are mainly represented by investments made into high voltage electric substations and lines as follows:

- 400 kV d.c. OHL Gutinas – Smardan – 29,635;
- Refurbishing 220/110 kV Iaz substation – 17,096;
- Refurbishing 400/110/20 kV Smardan substation – 12,783;
- 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 – 11,490;
- 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 – 9,726;
- Upgrading 220/110/20 kV Arefu substation – 7,626;
- Relocation of 220 KV and 400 KV electrical networks at the intersection with the Bucharest motorway ring – 7,151;
- 400 kV d.c. OHL Cernavoda - Stalpu and connection in Gura Ialomiaiei – 7,008;
- Converting the Porile de Fier - Resisa - Timisoara - Sacalaz - Arad - Stage I axis to 400 kV - 400/220/110 kV Resisa substation – 6,737;
- Refurbishing 220/110/20 kV Ungheni substation – 4,502;
- Upgrading the electricity supply in the offices of UNO-DEN – 4,442;
- Refurbishing 220/110/20 kV Baru Mare substation – 4,274;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 - 4,183;
- Upgrading 220/110 kV Dumbrava substation – 3,811;
- Connecting 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in 400 kV Medgidia Sud substation – 3,209;
- 400 kV Stalpu substation – 3,157;
- Provisional works of 220 kV OHL Lacu Sarat-Filesti, to ensure the conditions of execution of the relocation of utilities, by OHL ring the site and achieving the coexistence conditions between the "Suspended Bridge over the Danube" in the Braila area – 2,801;
- The purchase and installation of 21 monitoring systems for the transformation units in the NPG Transelectrica SA substations – 2,087;

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

- The purchase and installation of 21 monitoring systems for the transformation units in the NPG Transelectrica SA substations – 1,411;
- Refurbishing 220/110 kV Hasdat substation - 1,246;
- Pilot Project – Refurbishing 220/110/20 kV Alba Iulia substation as a digital substation – 1,053.

In the first semester of 2022, the largest transfers from **tangible fixed assets in progress to tangible fixed assets**, in the amount of 215,734, are mainly represented by the implementation of investment objectives, of which we list the most significant:

- Connection of the Isaccea-Varna 400 kV OHL and the Isaccea-Dobrudja 400 kV OHL in the Medgidia Sud 400 kV Station, Stage I - Extension of the Medgidia Sud 400 kV Station – 58,635;
- Refurbishment of the 220/110 kV Hasdat Station – 54,285;
- Modernization of the 220/110/20 kV Raureni Station – 25,429;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related bays in the Iernut Station and modernization of the command and control system of the 400/220/110/6 kV Iernut Station – 19,853;
- Modernization of the 110 kV and 400 (220 kV) installations in Focsani Vest Station– 8,336;
- Modernization of the Dumbrava 220/110 kV Station – 8,140;
- Modernization of the 110 kV Bacau Sud and Roman Nord stations related to the 400 kV Moldova axis – 6,904;
- Modernization of the 220/110/20 kV Vetis Station - primary equipment – 6,660;
- Replacement of AT and Transformer in electrical stations - Stage 2, phase 2 - LOT 1 - LOT 2 – 4,983;
- Consolidation of servers and data storage network (private cloud) – 4,665;
- Modernization in order to reduce the effects of galloping on the 400 kV OHL in the Baragan - Feteati area. Reducing the effects of galloping on the 400 kV Bucuresti Sud – Gura Ialomitei OHL and the 400 kV Cernavoda – Gura Ialomitei OHL (circuit 2) – 3,746;
- Relocation of high-voltage networks OHL 220 kV d.c. Lotru – Sibiu Sud, Lot 1 km 0+000 – km 13+170 – 3,280;
- Refurbishment of the 220/110 kV Turnu Severin Est Station – 762;
- Sebes-Turda highway, Lot 1-km0+000-Km17+100 Section A-0+300km – 14+000: Section 2, km 2+400-2+600– 546;
- Connecting the 110 kV Ploiesti Parc Station to the RED with the completion of the works from the related OHL 110 kV Brazi West-Ploiesti Nord line bay from the Brazi Vest 400/220/110/20 kV Power Station – 330;
- Compensation coils 100 MVAR, 400 kV for the 400 kV stations Arad, Bucharest and Bradu – 170;
- DRONES - 9 pcs – 166;
- Equipment necessary for TEL data centers - Professional air conditioning and air dehumidification units of industrial level – 117;
- Topographic and technical computing equipment (hardware and software): GNSS system and accessories; Total station and accessories; Graphic station; laptop; Topo-geodesy calculation program Toposys; Topo LT application package; Soft Global Mapper – 116,

The balance of **tangible assets under construction** on June 30, 2022, in the amount of 845,948, is represented by ongoing projects, the most significant being listed below:

- OHL 400 kV d.c. Cernavoda - Pillar and connection in Gura Ialomitei – 301,597;
- Switching to 400 kV voltage of Portile de Fier - Reșita - Timisoara - Sacalaz - Arad - Stage I - OHL 400kV s.c. Iron Gates - (Anina) – Resita – 102,405;

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

- Connection to RET of CEE 300 MW Ivesti, CEE 88 MW Falciu 1 and CEE 18 MW Falciu 2 through the new Station (400)/220/110 kV Banca – 46,885;
- OHL 400 kV d.c. Gutinas – Smardan – 37,277;
- Refurbishment of the 220/110 kV Iaz Station – 33,218;
- Modernization of Munteni 400 (220)/110/20 kV – 33,075;
- Refurbishment of the Smârdan 400/110/20 kV Station - 25,788;
- Modernization of Arefu 220/110/20 kV Station – 23,839;
- Extension of the Gura Ialomitei 400 kV Station with two bays: OHL 400 kV Cernavoda 2 and 3 - 16,994;
- Switching to 400 kV voltage of the Portile de Fier - Resita - Timisoara - Sacalaz - Arad - Stage I - Resita 400/220/110 kV Station – 16,023;
- Modernization of Dumbrava 220/110 kV Station – 14,301;
- Mobile bays of 110 kV, 220 kV and 400 kV – 14,297;
- Refurbishment of the Medgidia Sud 110 kV Station – 13,764;
- Extension of the 400 kV Cernavodă Station - Stage I+II, Replacement of 2 compensation coils, Connection of new lines – 12,175;
- Refurbishment of the Ungheni 220/110/20 kV Station – 11,569;
- Refurbishment of the 220/110/20 kV Baru Mare Station – 10,753;
- Refurbishment of the Timișoara 110 kV Station and Switching to the 400 kV tension of the Portile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis, stage II: Timișoara 400 kV Station - 8,901;
- Relocation of 220 kV and 400 kV electrical networks at the intersection with the Bucharest Ring Road – 7,151;
- OHL 400 kV Gadalin - Suceava, including interconnection to SEN – 6,043;
- HVDC Link 400 kV (Romania - Turkey submarine cable) – 5,854;
- Stâlpu 400 kV station – 5,421;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related bays in the Iernut Station and modernization of the command control system of the 400/220/110/6 kV Iernut Station – 5,188;
- The purchase and installation of 21 monitoring systems for the transformation units in the NPG Transelectrica SA stations – 4,858;
- Integrated security system at electrical stations, stage IV – 4,817;
- Modernization of the 110 kV and 400 (220 kV) installations in Focsani Vest Station – 4,510;
- OHL 400 kV Suceava - Balti, for the portion of the project on the territory of Romania 4,439;
- Switching to 400 kV voltage of the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis, stage II, OHL 400 kV d.c. Resita - Timisoara - Sacalaz – 3,375;
- Expansion with new functionalities of the control system and computerized record of access to the objectives of NPG Transelectrica SA – 3,201;
- Connection to the RET of CEE 136 MW Platonesti, Ialomiaa county, through the construction of a 110 kV bay Sn 400/110 kV Gura Ialomitei Power Station – 2,889;
- Provisional works of OHL 220kV Lacu Sarat-Filesti, to ensure the conditions of execution of the relocation of utilities, by reOHLsing the site and achieving the conditions of coexistence between the "Suspended Bridge over the Danube" in the Braila area – 2,801;
- Integrated security system at electrical stations, stage III – 2,798;
- Deviation OHL 110 kV Cetate 1 and 2 in the vicinity of the 110/20/6 kV Ostrovul Mare Station – 2,578;

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NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

- Connecting CEE Dumesti 99 MW and CEE Romanesti 30 MW, Iași County, to the RET, by building a 110 kV line bay in the FAI 220/110 kV Power Station – 2,546.

b) Intangible assets

The balance of **intangible assets under construction** on June 30, 2022, in the amount of 6,020, is represented by ongoing projects, the most significant being listed below:

- Implementation of an Electronic Archiving and Document Management system within NPG Transelectrica – 5,474;
- GE license - Software module for performing capacity calculations based on energy flows – 247;
- MARI platform development – 299.

c) Financial assets

The increase in the balance of financial assets on June 30, 2022 compared to December 31, 2021 is determined by the reclassification of the amount of 4,255, represented mainly by guarantees for the temporary occupation of the land, calculated and retained in accordance with art. 39 para. (1), para. (2) and para. (5) from Law no. 46/2008 regarding the Forestry Code, in order to achieve the investment objective OHL 400 kV Resita – Pancevo (Serbia).

In addition to the reclassification of the amount of 4,255, the financial assets also include the net value of the shares held by the Company in the amount of 81,743 on June 30, 2022 and in amount of 81,743 on December 31, 2021.

d) Assets related to rights of use under a lease – buildings

Fixed assets related to the rights to use under a lease – buildings the utilisation right for leased assets - buildings, namely the spaces the Company leased in the Platinum Office Building, according to the provisions of IFRS 16 - Leasing Contracts.

Contract no. C232 entered into force on 01.10.2020, valid for a period of 5 years, has the value of 9,000 thousand euros (without VAT).

For this contract, the Company pays a monthly amount of 16.67 euros/m² (without VAT) for renting office space, resulting in an annual value of approx. 1,800 thousand euros.

Smart SA has concluded lease contract by which it rented office building of 449.75 m², the Formenerg Building of Blvd. Gheorghe Sincai 3, lease amounting to 53,970 Euro/year in quantum of 10 Euro/m², representing 4,497.5 Euro/month.

Teletrans SA has concluded lease contract by which it rented office building, associated ground and building yard of estimated 1080 m² area rentable and 196 m² yard in exclusive use situated in Street Stelea Spataru 12, representing 8,600 Euro/month.

On June 30, 2022, the accounting value of the right to use the spaces rented by the Group is 28,010.

5. TRADE AND OTHER RECEIVABLES

On June 30, 2022 and December 31, 2021, trade receivables and other receivables are presented as follows:

	<u>30 june 2022</u>	<u>31 december 2021</u>
Trade receivables	2,113,446	2,185,797
Other receivables	176,878	197,741
Down payments to suppliers	661,274	701,362
Non-reimbursable funds receivable	-	-
VAT to recover	184,169	122,538
Adjustments for impairment of uncertain trade receivables	(151,067)	(150,558)
Adjustments for impairment of other uncertain receivables	(77,346)	(70,987)
Total	<u>2,907,354</u>	<u>2,985,893</u>

The structure of trade receivables is as follows:

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NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	<u>30 june 2022</u>	<u>31 december 2021</u>
Clients on the electricity market, of which:	2,118,624	2,182,908
- Clients - operational activities	1,338,120	1,408,379
- Clients - balancing market	596,532	566,727
- Clients - bonus type support scheme to promote high efficiency cogeneration	183,972	207,803
Clients from other activities	(5,178)	2,889
Total trade receivables	<u>2,113,446</u>	<u>2,185,797</u>

NPG Transelectrica SA carries out its operational activity based on Operating License no. 161/2000 issued by ANRE, updated by ANRE President's Decision no. 687/ 04.05.2022, for the provision of the electricity transport service, for the provision of the system service and for the administration of the balancing market.

On June 30, 2022, customers in the balance from the operational activity recorded a decrease compared to December 31, 2021 mainly determined by the decrease in energy consumption, in the first semester of 2022 compared to the second semester of 2021.

The increase in the volume of transactions in the balancing market in the first quarter of 2022, compared to the fourth quarter, also determined the increase in the balance of clients from contracts concluded for this type of activity.

The main customers in total trade receivables are represented by: MAVIR, OPCOM, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, TENNET TSO, RAAN, Hidroelectrica, Enel Energie SA, E.ON Energie Romania SA. Their share is 72.63% in total trade receivables.

• NPG Transelectrica SA carries out the activities related to the bonus support scheme for the promotion of high-efficiency cogeneration, as the administrator of the support scheme, in accordance with the provisions of HGR no. 1215/2009 with subsequent additions and amendments, "the main attributions being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses".

On June 30, 2022, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration in the proportion of approximately 9% (similar to December 31, 2021) of total trade receivables.

Customers from the bonus support scheme for the promotion of high-efficiency cogeneration register a decrease in receivables on June 30, 2022, mainly determined by the decrease in the invoiced value for the collection of the monthly contribution, closely related to the decrease in energy consumption from the second semester of the year 2021.

On June 30, 2022, the Company records receivables in the amount of 183,972, represented by the invoices issued related to the bonus support scheme for the promotion of high-efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN - 63,467,054 and CET Govora SA - 13,235;
- undue bonus for 2014 in the amount of 3,914,960, respectively from RAAN - 1.981, CET Govora - 1.934;
- improper bonus for 2015 in the amount of 564, respectively from CET Govora - 534, Interagro - 30;
- improper bonus for 2020 in the amount of 522 from Donau Chem;
- contribution for cogeneration not collected from suppliers of electricity consumers, in the amount of 21,137, respectively from: Transenergo Com - 5,882, Petprod - 4,391, Romenergy Industry - 2,681, RAAN- 2,386, UGM Energy - 1,504, CET Govora - 901, KDF Energy - 888 and others.

Until the date of this financial report, the Company has collected the receivables related to the overcompensation of the activity regarding the support scheme for the year 2021 (amount of 22,894) from CET Govora (15,041), BEPCO (4,258) and Electrocentrale Bucharest (3,595), as well as the amount of 32,632 from the undue bonus established by ANRE Decisions for the year 2022, from the following producers: Bepco SRL, Complexul Energetic Hunedoara, Complexul Energetic Oltenia, CET Govora, Colonia Cluj Napoca Energie, Contourglobal Solutions, Electrocentrale București, Electro Energy Sud, Electroulaj SA, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

In order to settle the receivables generated by overcompensation and undue bonus, from previous years, the Company requested the qualified producers in the support scheme to make mutual compensations. For the producers (RAAN, CET Govora) who did not agree to this way of extinguishing mutual claims and debts, the Company applied and continues to apply the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on establishing the method of collecting the contribution for high-efficiency cogeneration and payment of the bonus for the electricity produced in high-efficiency cogeneration: "in case the producer has not fully paid the support scheme administrator the obligations of payment results in accordance with the provisions of this regulation, the administrator of the support scheme pays the producer the difference between the value of the invoices issued by the producer and the payment obligations of the producer related to the support scheme, with the explicit mention, on the payment document, of the respective amounts" and retained from the payment of the amounts related to the due support scheme.

- On the role of the Mehedinți Court – Second Civil Section, of Administrative and Fiscal Litigation, file no. 9089/101/2013/a140, having as its object "claims for the amount of 86,513", file in which the Company is the plaintiff, the defendant being the Regia Autonomă pentru Activitati Nucleare - **RAAN**.

Through the summons request filed by Transelectrica SA, it requested to oblige the defendant RAAN to pay the sum of 86,513.

On 19.05.2016, the Mehedinți Court - Second Civil Section, Administrative and Fiscal Litigation issued a hearing decision, by which it ordered the following: "Based on art. 413 point 1 C. pr. civil. Orders the suspension of the case until the resolution of file no. **3014/2/2014** pending before the High Court of Cassation and Justice. With appeal for the entire duration of the suspension. Pronounced today, May 19, 2016, in public session." Judgment deadline on 06.06.2019. We specify that file no. 3014/2/2014 pending before the High Court of Cassation and Justice has as its object an appeal - annulment of ANRE Decision no. 743/28.03.2014, and RAAN (plaintiff) and ANRE (defendant) as parties.

We also specify that, by the conclusion of 18.09.2013, pronounced by the Mehedinți Court, in file no. 9089/101/2013, the opening of the general insolvency procedure was ordered against the debtor Regia Autonomă pentru Activitati Nucleare R.A. (RAAN)

By sentence no. 387/20.03.2014, the Mehedinți Court confirmed the reorganization plan of the debtor Regia Autonomă pentru Activitati Nucleare R.A. (RAAN), proposed by the judicial administrator Tudor&Asociații SPRL and voted by the General Meeting of Creditors according to the minutes of 28.02.2014.

Through the interim decision no. 10/28.01.2016, pronounced by the Mehedinți Court - Second Civil Section, Administrative and Fiscal Litigation, the syndic judge ordered the debtor's bankruptcy proceedings to begin, pursuant to art. 107 para. 1 lit. C of Lg. 85/2006, as well as the dissolution of the debtor and the lifting of the debtor's right of administration.

By Decision no. 563/14.06.2016, the Court of Appeal Craiova – Second Civil Section rejected the appeals filed against the interim decision no. 10/28.01.2016, pronounced by the Mehedinți Court - Second Civil Section, Administrative and Fiscal Litigation.

With the filing of the debt statement, in the RAAN bankruptcy procedure, NPG Transelectrica SA can invoke the provisions of art. 52 of Law no. 85/2006, applicable to the RAAN bankruptcy procedure, provisions taken over from art. 90 of Law no. 85/2014, regarding the right of the creditor to invoke the compensation of his claim with that of the debtor against him, when the conditions stipulated by the law in the matter of legal compensation are met on the date of the opening of the procedure. Transelectrica SA was entered in the RAAN debtor's table with the amount of 11.265, in the category of claims resulting from the continuation of the debtor's activity. Of the amount requested by the Company, 89,361, the amount of 78,096, was not entered in the preliminary table of receivables, on the grounds that "this does not appear as owed in the accounting records of RAAN". Moreover, the judicial liquidator considered that the request to enter the amount of 78,096 in the table is formulated late, being related to the period 2011 - 2013, which is why the debt statement had to be formulated at the time of opening the insolvency procedure, respectively in dated 18.09.2013.

As a result of the partial registration of the total amount requested by Transelectrica in the amount of 89,361 and the address no. 4162/03.10.2016, by which the judicial liquidator informs us that only the amount of 11,265 was entered in the additional table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096 of was rejected, an appeal was submitted, within the legal term, to the Additional Claims Table.

At the court date of 14.02.2019, the Mehedinți Court ordered the connection of file no. 9089/101/2013/a152 to file no. 9089/101/2013/a140 (having as object claims - payment request). The judgment of the file was postponed, as the court considered that it is useful to solve the case to present Civil Decision no. 2969/26.09.2018, pronounced by the High Court of Cassation and Justice in file no. 3014/2/2014, having as its object annulment of ANRE President decision no. 743/2014.

The solution of the Mehedinți Court: "Admits the exception of forfeiture. Admits in part the main action as well as the related appeal. It obliges the defendant RAAN to pay to the plaintiff Transelectrica the sum of 16,950 a claim arising during the procedure, ordering its entry in the table of creditors set up against the debtor RAAN with this amount. Reject the rest of the related requests. Pursuant to art. 453 para. 2 C. Fr. civ. Obliges the defendant to pay the court costs. With call. Pronounced today 20.06.2019 in public session". Document: Decision 163/2019 20.06.2019.

Transelectrica filed an appeal within the legal term. The Craiova Court of Appeal set the first trial date on 30.10.2019. The appeal was dismissed as unfounded. Transelectrica filed a request for revision for contrary decisions, registered under file number File no. 1711/54/2019, with a trial date of 26.03.2020 at the Craiova Court of Appeal and which was to send the file to the High Court of Cassation and Justice for competent resolution.

On 26.03.2020, the court date was changed, the next being on 21.05.2020.

On 21.05.2020, the case was removed from the list with the following solution: the exception of material incompetence of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Section. Decision 140/21.05.2020. Deadline 02/03/2021.

At the court date of 02/03/2021, the ICCJ accepted the exception of the lateness of the review request and did not rule on its inadmissibility.

Also, between RAAN and Transelectrica, there are 4 other cases in different stages of trial.

In the bankruptcy file of RAAN registered under no. **9089/101/2013**, the Mehedinți Court postponed to the deadlines of 08.10.2020 and 04.02.2021. The solution in short: a term was granted for the continuation of the liquidation procedures, the representation of the debtor's interests in the disputes pending before the courts, the consolidation of the trust fund, the continuation of measures to recover the debts, the continuation of public auctions with the objective of capitalizing on the debtor's assets.

At the deadline of 14.10.2021, the case is postponed, the short solution being: "grant a deadline for the continuation of the procedure, respectively for the capitalization of the assets and the fulfillment of the other liquidation operations."

At the term of 10.02.2022, the case is postponed, the solution in short being: "for the running of the procedure, respectively, the capitalization of the goods, the collection of the receivables and the fulfillment of the other liquidation operations. the parties will be summoned through the BPI" and the next deadline is set for 02.06.2022.

The procedure continues at the deadline of **06.10.2022**.

- NPG Transelectrica SA concluded with CET Govora SA an agreement for compensation and staggered payment of the amounts representing claims from the counter value of the overcompensation for the period 2011-2013 and the undue bonus for the year 2014 (Agreement no. C 135/30.06.2015 and the Additional Act no. 1/04.08.2015). The duration of the Agreement was 1 year (the period July 2015-August 2016) and provided for the right of the Company to calculate and collect penalties during the period of installment payment.

Based on the Agreement, the Company's receivables from CET Govora SA were compensated with the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 retained by applying the provisions of art. 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Convention, in the amount of 40,508.

As a result of the suspension in court, by Civil Sentence no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014 by which the amount of overcompensation was established for the period 2011-2013, CET Govora SA no longer respected the obligations assumed by the Convention.

Starting on May 9, 2016, the general insolvency procedure was opened for CET Govora. In order to recover the receivables that arose before the opening of the insolvency procedure, the Company followed the specific procedures provided by Law no. 85/2014 - Insolvency Law and requested the court to admit the claims, according to the law. Considering the presented, starting with the date of May 9, 2016, the

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

Company suspended the application of the provisions of art. 17.5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation regarding the establishment of the method of collecting the contribution for high-efficiency cogeneration and payment of the bonus for the electricity produced in high-efficiency cogeneration and paid monthly to CET Govora the cogeneration bonus.

By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice admitted the appeal declared by ANRE against Civil Sentence no. 3185/27.11.2015, annulled the contested sentence in part and rejected the request for suspension made by CET Govora, the decision being final. Thus, starting from 05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 no longer suspended, producing full effects.

Under these conditions, the Company applies the provisions of art. 17 paragraph 5 of ANRE Order no. 116/2013 for mutual debts and claims arising after the insolvency procedure, in the sense of withholding the bonus owed to CET Govora SA until the sums related to the unpaid support scheme to the Company are matched. Transelectrica was entered in the preliminary and final Table with a claim in the total amount of 28,200, of which the amount of 25,557 is related to the support scheme. We mention the fact that this claim in the amount of 21,962, representing the principal debit and penalties related to invoice no. 8116/ 08.04.2016 is entered under the suspensive condition of the pronouncement of a final court decision in favor of ANRE in file no. 2428/2/2014 pending before the Bucharest Court of Appeal, with the object of canceling ANRE decision no. 738/28.03.2014.

At the deadline of 18.07.2018, the Vâlcea Court issued the following solution:

- Confirms the reorganization plan of the debtor SC CET Govora SA, plan proposed by the judicial administrator EURO INSOL SPRL, submitted to the file on May 25, 2018 and published in the Bulletin of Insolvency Procedures no. 11924 of June 13, 2018. - Rejects the appeals filed by the creditors Complexul Energetic Oltenia SA, SNTFM CFR Marfă SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternativ SRL and Solar Electric Curtisoara SRL.

- Fixes the deadline for the continuation of the procedure on Oct. 8, 2018.

With the right of appeal within 7 days from the communication, made through the Bulletin of Insolvency Procedures. Pronounced in public today, July 18, 2018. Document: Decision: 1196/18.07.2018.

By Decision no. 766/03.12.2018, the Pitesti Court of Appeal canceled the amount of 28,014 - representing the obligation entered by the Company in the List of Creditors (File no. 1396/90/2016).

Under these conditions, the Company included the amount of 22,188 related to the support scheme in the various debtors account, analytically distinct - ANRE, with an impact on the net position of the support scheme.

The amount of 22,188 represents the receivable from CET Govora related to the support scheme (in the amount of 25,557), corrected with the bonus retained by the Company according to art. 17 para. 5 of the Order of the President of ANRE no. 116/2013, in the amount of 3,369.

According to point 11 of HG no. 925/2016 for the amendment and completion of GD no. 1215/2009 regarding the establishment of the criteria and conditions necessary for the implementation of the support scheme for the promotion of high-efficiency cogeneration based on the demand for useful thermal energy, ANRE is to develop the regulatory framework for the financial closure of the scheme. At the time of the preparation of these notes, the debate on the Draft Order for the approval of the Methodology regarding the establishment of the applicable principles for the financial closure of the support scheme for the promotion of high-efficiency cogeneration has not been completed.

Considering the provisions of Government Decision no. 925/2016 with the subsequent amendments and additions, presented above, in Note 1, the Company does not record expenses with customer depreciation adjustments for the support scheme, the unrecovered value of these receivables will be included in the cogeneration contribution.

Other receivables

On June 30, 2022, other receivables amounting to 176,878 mainly include:

➤ sundry debtors (**105,458**), sundry debtors:

- late payment penalties calculated for non-paying customers, in the amount of 96,786 (of which the amount of 35,362 represents penalties related to the support scheme). The largest late payment penalties were recorded by the clients: RAAN (16,901), Romelectro (14,373), CET

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NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

Govora (9,607), Electrocentrale Bucuresti (9,409), Eco Energy SRL (8,910), Petprod SRL (8,895), Next Energy Partners (8,395), Total Electric Oltenia (3,289), OPCOM (2,399). Depreciation adjustments were recorded for the penalties calculated for the late payment of receivables from the operational activity;

- compensations owed by suppliers for non-delivery of electricity: Arelco Power (988) and Enol Grup (2,541). Depreciation adjustments were recorded for the compensations owed by the suppliers from the operational activity;
 - the claim to be recovered from OPCOM representing the VAT related to the contribution in kind to the capital of the subsidiary in the amount of 4,517.
- expenses recorded in advance in the amount of **18,086** represented mainly by: expenses regarding the purchase of OTC (10,250), international ENTSO-E contribution (1,452), annual ANRE contribution related to the year 2022 (1,880), taxes and charges related to the year 2022 (1,577), office building rent and maintenance (742), insurance policies (120) and others;
- other social claims in the amount of **3,176** representing medical leaves paid by the employer to employees and to be recovered from the National Health Insurance House, according to the legislation in force.

Down payments to suppliers

On June 30, 2022, advances paid to suppliers are represented by debtor suppliers for services in the amount of 661,274 and mainly represent amounts from transactions related to the price coupling mechanism (ICP – Interim Coupling Project, SIDC - Single Intraday Coupling, SDAC - Single Day-ahead Coupling and FBMC – Flow Based Market Coupling) (633,662 – for ICP, FBMC, SDAC and 27,530 – for SIDC).

The application of the price coupling mechanism began on November 19, 2014, the date on which the "4 Market Market Coupling (4MMC)" Project, which provides for the union of the DAM (Day-Ahead Market) electricity markets in Romania, Hungary, the Czech Republic and Slovakia entered the operation phase. On June 17, 2021, the Interim Coupling project was launched, which represents the coupling of the day-ahead markets of the 4MMC countries with those of Poland, Austria and Germany.

Within the day-ahead price coupling mechanism, the electricity exchanges correlate, on the basis of auctions, electricity transactions for the next day taking into account the interconnection capacity made available by the TSO through which its default allocation is made. NPG Transelectrica SA, as TSO, transfers electricity, both physically and commercially, to the neighboring TSO (MAVIR-Hungary) and administers the revenues from congestion on the respective interconnection (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA has the status of Implicit Participant in the Next Day Market.

As Transfer Agent and Implicit Participant, NPG Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA and MAVIR.

On November 19, 2019, the launch of the 2nd wave of the single European intraday coupling solution (SIDC – Single Intraday Coupling) took place, with the first deliveries on November 20. Seven countries - Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia joined fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, Netherlands, Portugal, Spain and Sweden, which has already been operating in a coupled regime since June 2018.

The unique intraday market coupling mechanism ensures that the bids and buys of market participants in a bid area are continuously matched with bids and buys from within their own bid area and from any other bid area where cross-border capacity is available .

As a Transfer Agent, NPG Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA, MAVIR and IBEX.

The date of October 28, 2021 represents the start of the new successful SDAC Single Day-ahead Coupling, the result of the cooperation between the Designated Operators of the Electric Energy Market (OPEED) and the Transmission and System Operators (OTS) from Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and NPG Transelectrica SA. The purpose of SDAC is to create a single cross-border pan-European energy market for the day ahead. An integrated day-ahead market increases overall trading efficiency by promoting effective competition, increasing liquidity and enabling more efficient use of production resources across Europe.

As a transfer agent for Romania's bidding area, NPG Transelectrica SA has the role of settling the energy

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

traded between OPCOM SA and IBEX.

The launch of flow-based energy market coupling in the Core region, on June 8, 2022, represented the transition from the ICP – Interim Coupling Project coupling mechanism to FBMC – Flow Based Market Coupling, optimizing the European electricity market for 13 countries : Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

Within the FBMC project, Transelectrica has the role of both Shipper (Transfer Agent) and CCP – Central Counterparty. As a CCP, the Company has the task of transferring the financial flows generated by the electricity flows, following the coupling process.

VAT to be recovered

VAT to be recovered 184,169 – of which 183,797 represents the amount related to the statement of the Company for the period March - June 2022 and October 2020. On July 1, 2022 and August 8, 2022, the Company collected from the state the amounts of 44,501 (related to the D300 statement for the month of March 2022), respectively 99,588 (related to the D300 declaration for the months of April and May 2022).

Adjustments for impairment of trade receivables, doubtful trade receivables and other doubtful receivables

Transelectrica's policy is to record impairment adjustments for loss of value in the amount of 100% for litigious, insolvent and bankrupt customers and 100% of trade receivables and other receivables not collected in a period greater than 180 days, with except for outstanding claims generated by the support scheme. The Company also performs an individual analysis of trade receivables and other uncollected receivables.

The largest impairment adjustments on June 30, 2022, calculated for trade receivables and related penalties, were recorded for CET Govora (25,082), Eco Energy SRL (24,736), Petprod SRL (23,540), Arelco Power (14,788), Romelectro SA (14,383), Total Electric Oltenia SA (14,186), Romenergy Industry (13,513), GETICA 95 (12,541), Elsaco Energy (9,276), RAAN (8,517).

In order to recover the receivables adjusted for depreciation, the Company took the following measures: taking action in court, registering with the credit union, requesting clarifications from ANAF (for VAT to be collected from Opcom), etc.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash balances, demand deposits and deposits with initial maturities of up to 90 days from the date of establishment that have an insignificant exposure to the risk of changes in fair value, being used by the Company for the management of term commitments short.

At 30 June 2022 and 31 December 2021, cash and cash equivalents are presented as follows:

	<u>30 june 2022</u>	<u>31 december 2021</u>
Current bank accounts and deposits of which:	124,357	264,498
- cash and deposits from high efficiency cogeneration	23,581	157,024
- cash of revenues from the allocation of interconnection capacities used for network investments	2,114	3,155
- cash from the connection fee	21,493	30,164
- european funds	25	287
- other restricted accounts (energy market guarantees and dividends)	26,302	21,555
Cash desk	191	157
Other cash equivalents	39	1
Total	<u>124,586</u>	<u>264,656</u>

7. SHAREHOLDERS' EQUITY

Share Capital

In accordance with the provisions of GEO no. 86/2014 regarding the establishment of reorganization measures at the level of the central public administration and for the modification and completion of some normative acts, on February 20, 2015, the transfer of 43,020,309 shares from the account of the Romanian State from the administration of the General Secretariat was registered in the Company's Shareholder Register of the Government, on behalf of the Romanian State under the administration of the Ministry of Economy, Trade and Tourism.

Based on the provisions of art. 2 of GEO no. 55/19 November 2015 regarding the establishment of reorganization measures at the level of the central public administration and for the modification of some normative acts, the Ministry of Economy, Trade and Relations with the Business Environment (MECRMA) was established, by reorganizing and taking over the activities of the Ministry of Economy, Trade and Tourism, which was abolished, and by taking over the activity and structures in the field of small and medium enterprises and the business environment from the Ministry of Energy, Small and Medium Enterprises and the Business Environment.

Pursuant to the Government's Emergency Ordinance (EOG) no. 68/2019 for the establishment of some measures at the level of the central public administration and for the modification and completion of some normative acts, published in the Official Gazette no. 898/06.11.2019, starting from November 6, 2019, exercising the rights and fulfilling the obligations arising from the state's capacity as a shareholder in the National Electric Power Transmission Company "Transelectrica" - S.A. is carried out by the General Secretariat of the Government.

On 14.11.2019, Depozitarul Central S.A. recorded the transfer of a number of 43,020,309 shares (representing 58.69% of the share capital) issued by NPG Transelectrica SA, from the account of the Romanian State through the Ministry of Economy to the account of the Romanian State represented by the Government through the General Secretariat to the Government, as a result of placing in application of the provisions of the Government's Emergency Ordinance no. 68/06.11.2019 regarding the establishment of measures at the level of the central public administration and for the modification and completion of some normative acts.

On June 30, 2022, the shareholders of NPG Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government which holds a number of 43,020,309 shares (58.69%), NN Group NV with a number of 4,007,688 shares (5.47%), PAVAL HOLDING with a number of 4,753,567 shares (6.48%), other Legal Person shareholders with a number of 16,139,600 shares (22.02%) and other Natural Person shareholders with a number of 5,381,978 shares (7.34%).

At the end of each reporting period, the fully subscribed and paid-up capital of the Company, amounting to 733,031,420, is divided into 73,303,142 ordinary shares with a nominal value of 10 lei/share and corresponds to that registered at the Trade Registry Office.

The shareholding structure on June 30, 2022 and December 31, 2021 is as follows:

Shareholder	30 june 2022		31 december 2021	
	<i>Number of shares</i>	<i>% of the share capital</i>	<i>Number of shares</i>	<i>% of the share capital</i>
Romanian State by MECRMA	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,139,600	22.02%	16,172,331	22.06%
PAVAL HOLDING	4,753,567	6.48%	4,753,567	6.48%
Privately managed pension fund NN	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,381,978	7.34%	5,349,247	7.30%
Total	73,303,142	100.00%	73,303,142	100.00%

The increase in equity on June 30, 2022 compared to December 31, 2021 was mainly determined by the recording in retained earnings of the net profit, in the amount of 31,611 realized on June 30, 2022.

8. DEFERRED REVENUES

Deferred revenues are mainly represented by: the connection tariff, other investment subsidies, non-reimbursable European funds received from the Ministry of European Funds, as well as revenues from the use of interconnection capacity.

On June 30, 2022, the deferred revenue statement is presented as follows:

	30 june 2022	Of which: current part at 30 iunie 2022	31 december 2021	Of which: current part at 31 decembrie 2021
Deferred revenues – allocation of the interconnection capacity	8,583	8,583	7,649	7,649
Deferred revenues – European funds	2,533	2,533	2,076	2,076
Connection fee funds	258,915	14,635	260,881	14,814
European funds	177,525	5,149	178,667	6,138
Other subsidies	25,524	810	25,902	1,060
Total	473,079	31,709	475,175	31,738

The evolution of **short-term deferred revenue** in the period January - June 2022 is presented as follows:

	30 june 2022	31 december 2021
Opening balance 1 january	31,738	29,393
Cash in advance related to interconnection capacity	48,929	38,428
Proceeds from European funds	633	1,092
Transfer of long-term deferred revenues (connection tariff)	(1,419)	(2,914)
Revenues from the use of interconnection capacities	(47,995)	(33,452)
Revenues from European funds	(176)	(809)
Balance on the end of period	31,709	31,738

The evolution of **long-term deferred revenue** in the period January - June 2022 is presented as follows:

	30 june 2022	31 december 2021
Opening balance 1 january	443,437	352,029
Connection subsidies	(503)	3,662
Non-reimbursable funds	(1,999)	(93,133)
Non-refundable funds to be repaid	-	-
Transfer from short term deferred revenues	11,389	203,483
Subsidies wich resumed into revenues	(10,953)	(22,603)
Balance on the end of period	441,370	443,437

9. BORROWINGS

Long-term loans

As of June 30, 2022, the amount of long-term borrowings decreased compared to December 31, 2021 primarily due to repayments made under existing loan agreements.

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

On June 30, 2022 and December 31, 2021, the balances of long-term loans contracted from credit institutions are as follows:

Description	30 june 2022	31 december 2021
BEI 25709	41,670	47,648
BEI 25710	49,665	55,666
Total non-current loans from credit institutions, of which:	91,335	103,314
Less: Current portion of non-current borrowings	(23,846)	(23,859)
Total non-current loans net of current instalments	67,489	79,455

The long-term portion of the loans will be repaid as follows:

	30 june 2022	31 december 2021
From 1 to 2 years	23,846	23,859
From 2 to 5 years	42,691	54,168
More than 5 years	951	1,427
Total	67,489	79,455

The Group has not carried out hedging activities against the risks related to its foreign currency obligations or exposure to the risks associated with the interest rate.

All long-term loans (EBI contracts 25709 and EIB 25710) bear fixed interest.

Short term loans

Short-term loans are detailed as follows:

	30 june 2022	31 december 2021
Current portion of non-current borrowings	23,846	23,859
Short-term bank loans	132,311	-
Smart credit lines	9,275	2,707
Interest related to the non-current and current loans	1,004	1,013
Total current borrowings	166,436	27,579

- *Loans contracted for current activity*

On 30.03.2022, Transelectrica concluded credit agreement no. C624 with the Romanian Commercial Bank for a period of 12 months for the financing of the bonus support scheme for high-efficiency cogeneration, in the form of an overdraft, in the amount of 175 million lei, with an interest calculated according to the ROBOR reference rate 1M, plus 0% margin and 0.088% commission.

The credit line is guaranteed by:

- movable mortgage on the bank account opened at the bank;
- movable mortgage on the receivables resulting from the contracts regarding the contribution for high-efficiency cogeneration concluded with Electrica Furnizare SA, Enel Energie SA, Enel Energie Muntenia SA, EON Energie România SA.

On June 30, 2022, the credit line is not used.

On 10.03.2022, Transelectrica concluded credit agreement no. C588 with Banca Transilvania for a period of 12 months for the financing of the Company's working capital, in the amount of 200,000,000 with an interest calculated according to the reference rate ROBOR 1M, to which a margin of 0.05% is added.

The credit agreement in the amount of 200.000 has the following structure:

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

- 175,000 – evolving credit line used to cover temporary working capital needs for the timely payment of the Company's due obligations on the energy market, with a usage period of 12 months, until 09.03.2023;
- 25,000 in the form of a ceiling for issuing bank guarantee letters, with a 12-month letter issuing period and a 24-month letter validity.

The credit line is guaranteed by:

- movable mortgage on the bank account opened at the bank;
- movable mortgage on the receivables resulting from the contract regarding the provision of the electricity transport service and the system service concluded with Electrica Furnizare SA, Enel Energie SA.

On 09.05.2022, Transelectrica signed Additional Act no. 1 to credit agreement no. C588/2022 concluded with Banca Transilvania, with the purpose of extending the validity of the use of the credit line to 24 months, and on 16.06.2022 Transelectrica concluded Additional Act no. 2 to credit agreement no. C588 with the object of increasing the ceiling for issuing bank guarantee letters from 25.000 to 40.000.

On June 30, 2022, withdrawals were made from the credit line in the amount of 132,311.

On 24.11.2021, SMART SA Subsidiar concluded credit agreement no. 94094210342 with Banca Românească for the financing of the subsidiar's current activity and the refinancing of the credit granted by Libra Internet Bank, for a period of 12 months, in the amount of 12,000 with an interest calculated according to the ROBOR 6M reference rate, to which a margin is added of 4%.

The credit line is guaranteed by a movable mortgage on creditor balances, receivables, promissory note and real estate mortgage.

On June 30, 2022, withdrawals were made from the credit line in the amount of 9,275.

10. a. TRADE AND OTHER LIABILITIES

On 30 June 2022 and 31 December 2021, trade and other liabilities are as follows:

	30 june 2022	31 december 2021
Providers - electricity market	1,635,253	1,893,042
Asset providers	91,334	140,688
Providers of other activities	19,361	27,688
Amounts due to employees	10,510	10,610
Other liabilities	911,686	935,109
Total	2,668,145	3,007,137

On June 30, 2022 and December 31, 2021, the outstanding debts on the energy market amounting to 1,635,253, respectively 1,893,042, have the following structure:

	30 june 2022	31 december 2021
Providers - electricity market, of wich:		
-providers - operational activity	994,314	1,125,211
-providers - balancing market	590,309	549,941
-providers- bonus type support scheme to promote high efficiency cogeneration	50,630	217,890
Total	1,635,253	1,893,042

The suppliers on the electricity market are mainly represented by: IBEX, MAVIR, Hidroelectrica SA, OPCOM, Electrocentrale Bucuresti SA, S Complexul energetic Oltenia SA, Joint Allocation Office, CINTA Energy SA, CIGA Energy SA, Electrica Furnizare SA. On June 30, 2022, their share in total energy suppliers is 89.36%.

The decrease in the balance of "debts related to operational activity" was mainly determined by the payment in the second quarter of 2022 of the payment obligations outstanding on June 30, 2022,

The attached notes are integrant part of these consolidated interim financial statements

resulting mainly from the coupling of the electricity markets.

The increase in the balance of "debts related to the balancing market" was determined by the increase in the volume of transactions registered on the balancing market in the first semester of 2022, compared to the second semester of 2021.

The decrease in "debts related to the support scheme" to suppliers (producers) was determined by the decrease in the value of the monthly bonus for high-efficiency cogeneration from June 2022, compared to December 2021.

On June 30, 2022, payment obligations to suppliers (producers) are recorded in the amount of 35,549 (RAAN – 32,180 and CET Govora SA – 3,369), representing the monthly cogeneration bonus, ante-overcompensation for the years 2014 and 2015, the bonus not granted for the year 2015. The amounts representing the Company's debts related to the support scheme towards RAAN and CET Govora were withheld for payment based on art. 17 para. 5 of the Order of the President of ANRE no. 116/2013, as the suppliers (producers) register payment obligations towards the Company on the bonus support scheme.

The company requested from the suppliers (producers) who did not pay the overcompensation invoices, the agreement to carry out the compensation of their mutual debts at their minimum level through The Training Center for Bușteni Industry Personnel - Bucharest Branch which unitarily manages all the information received from taxpayers, based on the provisions of HG no. 773/2019.

The producers (RAAN, CET Govora) did not agree with this way of extinguishing mutual claims and debts, which is why the Company applied and continues to apply the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation regarding the establishment of the method of collecting the contribution for high-efficiency cogeneration and payment of the bonus for the electricity produced in high-efficiency cogeneration: "if the producer has not fully paid the support scheme administrator the obligations of payment results in accordance with the provisions of this regulation, the administrator of the support scheme pays the producer the difference between the value of the invoices issued by the producer and the payment obligations of the producer related to the support scheme, with the explicit mention, on the payment document, of the respective amounts" and retained from the payment of the amounts related to the due support scheme.

NPG Transelectrica SA concluded with CET Govora SA an agreement for compensation and staggered payment of the amounts representing claims from the value of the overcompensation for 2011-2013 and the undue bonus for the year 2014 (Agreement no. C 135/30.06.2015 and Additional Act no. 1/04/08/2015). The duration of the Agreement was 1 year (the period July 2015-August 2016) and provided for the right of the Company to calculate and collect penalties during the period of the installment payment.

Based on the Agreement, the Company's receivables from CET Govora SA were compensated with the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 retained by applying the provisions of art. 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Convention, in the amount of 40,508.

Following the suspension in court, by Civil Sentence no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014 by which the amount of overcompensation was established for the period 2011-2013, CET Govora SA no longer respected the obligations assumed by the Convention. Starting on May 9, 2016, the general insolvency procedure was opened for CET Govora. Considering the provisions of Law no. 85/2014 - Insolvency Law, the Company suspended, starting on May 9, 2016, the application of the provisions of art. 17.5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on establishing the method of collecting the contribution for high-efficiency cogeneration and payment of the bonus for the electricity produced in high-efficiency cogeneration and pays monthly to CET Govora the cogeneration bonus due to it. By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice admitted the appeal declared by ANRE against Civil Sentence no. 3185/27.11.2015, annulled the contested sentence in part and rejected the request for suspension made by CET Govora. Thus, starting from 05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, producing full effects.

Under these conditions, the Company applies the provisions of art. 17 paragraph 5 of ANRE Order no. 116/ 2013 for mutual debts and claims arising after the insolvency procedure, in the sense of withholding the bonus owed to CET Govora SA until the sums related to the unpaid support scheme to the Company are matched.

The decrease in the balance of "fixed assets suppliers" on June 30, 2022 compared to December 31, 2021 was due to the making of payments that have reached maturity.

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

Debts to "other activity suppliers" are mainly represented by debts related to services provided by third parties, not yet due, debts that have increased compared to December 31, 2021.

As of June 30, 2022, the Company has no outstanding debts to suppliers, the state budget, the local budget, or other public institutions.

The structure of debts recorded in "**other liabilities**" is as follows:

	<u>30 june 2022</u>	<u>31 december 2021</u>
Various creditors	155,324	145,712
Client-creditors	707,800	751,982
Dividends to pay	177	234
Other liabilities	48,385	37,180
Total	<u>911,686</u>	<u>935,109</u>

- „Various creditors”, in value of **155,324** on June 30, 2022, mainly represent:

- the net position of the support scheme regarding high-efficiency cogeneration, debt position, in the amount of 146,948.

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

- the amount of the contribution to be collected from the suppliers of electricity consumers, the amount of overcompensation for the production of electricity and thermal energy in high-efficiency cogeneration, the undue bonus to be collected from producers, according to ANRE decisions, on the one hand, and
 - the value of the cogeneration bonus, the antesovercompensation and the bonus not granted to be paid to the high-efficiency cogeneration energy producers, beneficiaries of the support scheme, on the other hand
- 5,300 solution study contracts for connecting to the RET,
- 1,405 royalties quarter II 2022 and others.

- "Client-creditors", as of June 30, 2022, are in total value of **707.800**, of which 707.281 represent amounts received in advance from OPCOM (351,842), MAVIR (346,659), IBEX (8,680) și JAO (99) in transactions related to price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling).

- On June 30, 2022, the dividends due to the Company's shareholders and unpaid amount to **177**. These amounts are available to shareholders through the paying agent.

- "Other liabilities" in amount of 48,385 are mainly represented by guarantees of good payment of contracts on the electricity market concluded by NPG Transelectrica SA in the amount of 27,533, VAT not due in the reporting period in the amount of 19,957 and others.

10.b LIABILITIES - BUILDING LEASING

On June 30, 2022 and December 31, 2021, the **liability for assets associated to the usage right for leased assets - buildings**, according to the provisions of IFRS 16 – Leasing Contracts is as follows:

	<u>30 june 2022</u>	<u>31 december 2021</u>
Liabilities - Building leasing, short term	9,072	8,966
Liabilities - Building leasing, long term	20,386	24,656
Total	<u>29,458</u>	<u>33,622</u>

11. PROVISIONS

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

On June 30, 2022 and December 31, 2021, the provisions are as follows:

	<u>30 june 2022</u>	<u>31 december 2021</u>
Provisions for litigations	21,654	32,379
Provisions for mandate contracts	17,919	20,478
Other provisions	530	805
Total	<u>40,103</u>	<u>53,662</u>

Provisions for outstanding litigation on 30.06.2022, in the amount of 21,654, are mainly represented by the provisions set up for the following litigations:

- *File 36755/3/2018 – plaintiff Conaid Company SRL (17,216) – more details regarding this file are presented in Note 19 – Litigation and contingencies.*
- *File nr. 3083/3/2020 - plaintiff NUCLEARELECTRICA SA (1,473)*

On 26.06.2020, Nuclearelectrica sued the Company for payment of the amount of 1,291 representing negative imbalance and 182, legal interest.

After several deadlines in which the case was postponed (26.06.2020, 16.10.2020, 11.12.2020), for various reasons, at the deadline of 22.12.2020, the Court ordered the Company to pay the plaintiff the sum of 1,291, as damages and compensatory interest, upon payment of the update of this amount with the inflation rate from 27.09.2018 and until the actual payment date, upon payment of the amount of 182 representing legal penal interest calculated from 27.09.2018 and until 31.01.2020, as well as the further payment of the legal penal interest, calculated from 01.02.2020 and until the effective payment date. It also obliged the defendant to pay the plaintiff the sum of 23, as court costs, consisting of judicial stamp duty. Rejected the defendant's request for the payment of court costs, as unfounded. With right of appeal within 30 days of communication. (Decision 2698/2020 22.12.2020).

NPG Transelectrica SA appealed. In the meeting of 25.11.2021, the Court of Appeal of Bucharest admits the appeal. Partially changes the appealed civil sentence, in the sense that: Rejects the summons request as unfounded. Maintains the disposition of the first court rejecting as unfounded the defendant's request regarding the payment of court costs. It obliges the respondent-plaintiff to pay to the appellant-defendant the sum of 21 as court costs in the appeal. With appeal within 30 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal - 6th Civil Section.

Nuclearelectrica filed an appeal, which is in the screening procedure.

"Provisions for mandate contracts" in the amount of 17,919, on June 30, 2022, represent:

- the remuneration of executive and non-executive administrators (the variable component related to the OAVT packages allocated and not capitalized during the mandates executed in the period 2013-2017);
- the remuneration of the variable component, the non-compete compensation and the one related to the gross fixed monthly allowances remaining until the end of the mandate, i.e. 2024.

"Other provisions" in the amount of 530 represent unused vacations.

12. OTHER TAX AND SOCIAL SECURITY LIABILITIES

At 30 June 2022 and 31 December 2021, other taxes and social security liabilities include:

	<u>30 june 2022</u>	<u>31 december 2021</u>
Contribution to the social security funds	10,159	13,430
Payable VAT	1,507	3,244
Salary tax	2,025	2,424
Other tax payable	1,490	1,431
Total	<u>15,181</u>	<u>20,527</u>

On June 30, 2022, the Company records payment obligations for contributions to social security funds, payroll tax and other taxes, which were due and paid in July 2022.

13. INCOME TAX

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

Income tax as of June 30, 2022 and June 30, 2021 is presented as follows:

	<u>30 june 2022</u>	<u>30 june 2021</u>
Expenses with current income tax	(16,319)	(19,872)
Net income from deferred income tax	9,898	3,617
Total	<u>(6,421)</u>	<u>(16,255)</u>

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

14. OPERATING REVENUES

Operating revenues include Group's revenues on the electricity market, of transmission and system services, interconnection capacity allocation, balancing market operation services and other revenues.

The tariffs approved by ANRE for the services provided on the electricity market, related to the first semester 2022 and first semester of 2022 are presented as follows:

	<u>Transmission system average tariff</u>	<u>System service tariff</u>
Order no. 33/23.03.2022 for 01 April – 30 June 2022	28.10	9.32
Order no. 124/25.11.2021 for 01 January – 31 March 2022	23.96	9.32
Order no. 10/24.02.2021 for 01 March – 30 June 2021	20.55	10.82
Order no. 214/09.12.2020 for 01 January – 28 February 2021	20.55	11.96

The average electricity transmission tariff has two components: the tariff for introducing electricity into the grid (TG) and the tariff for extracting electricity from the grid (TL).

The zonal tariffs related to the transport service for the introduction of electricity into the network (TG) and for the extraction of electricity from the network (TL) were approved by ANRE Order no. 124/2021, starting on January 1, 2022.

The amount of electricity delivered to consumers to whom the tariffs for the services provided on the electricity market were applied is presented as follows:

	<u>30 june 2022</u>	<u>30 june 2021</u>
Quantity of electricity delivered to consumers (MWh)	26,903,264	28,278,060

The operating income realized in the first semester of 2022 and the first semester of 2021 is presented as follows:

	<u>30 june 2022</u>	<u>30 june 2021</u>
Transmission revenues	693,803	579,462
Revenues from the allocation of interconnection capacities	126,580	20,790
Revenues from reactive energy	732	288
Inter TSO Compensation (ITC) revenues	235	908
Revenues from transactions with own technological consumption	11,199	11,020
Total revenues from electricity transmission	<u>832,550</u>	<u>612,467</u>

Revenues from functional system services	-	-
Revenues from technological system services	251,675	318,167
Revenues from unplanned exchanges on DAM	-	3,186
Income from unintended/intended exchanges-FSKAR-Ukraine	45	-

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	<u>30 june 2022</u>	<u>30 june 2021</u>
Total revenues from system services	251,720	321,352
Revenues on the balancing market	1,494,831	468,866
Other revenues	38,719	25,926
Total revenues	2,617,819	1,428,611

Transmission service revenues

Revenues from the transport service registered an increase in the first semester of 2022 compared to the first semester of 2021 with the amount of 114,341, determined by the increase in the average tariff for the transport service approved by ANRE (cf. the table on the tariffs approved by ANRE for the analyzed period, previously presented), under the conditions of a decrease in the amount of electricity delivered to consumers by 4.86%, respectively by 1,374,796 MWh.

Revenues from the allocation of interconnection capacity

Revenues from the allocation of interconnection capacity registered an increase in the first semester of 2022 compared to the first semester of 2021, in the amount of 105,790, corresponding to the level of use of the availability of interconnection capacity by traders on the electricity market.

The interconnection capacity allocation market is fluctuating, with prices evolving depending on the demand and the need of the electricity market participants to acquire interconnection capacity. The increase in the analyzed period is due both to the unit price of electricity that has increased throughout the European Union, causing a large price difference between the coupled markets, as well as to the energy deficit recorded at the European level. Implied allocations, in which capacity and energy are provided simultaneously, are strongly influenced by variations in the price of electricity on the exchanges in Europe.

The interconnection capacity allocation mechanism consists in the organization of annual, monthly, daily and intraday auctions. The annual, monthly and intraday ones (only on the border with Serbia) are explicit - only transport capacity is tendered, and the daily (borders with Hungary, Bulgaria) and intraday (borders with Hungary and Bulgaria) are implicit - they are allocated simultaneously with the energy and the capacity, through the coupling mechanism.

The establishment, starting on November 19, 2014, of the regional energy exchange by Romania, Hungary, the Czech Republic and Slovakia assumes that these four countries will end up having a single price for electricity traded on the spot markets. Capacity allocation between Romania and Hungary, the only country out of the 3 with which Romania has a border, is made by carriers: Transelectrica and MAVIR, through a joint mechanism, based on a bilateral agreement. On June 17, 2021, the Day-Ahead Market in Romania switched to functioning in a coupled mechanism at the European level, with the implementation of the DE-AT-PL-4M MC project, also known as Interim Coupling, the Romania-Hungary border being integrated in the single day-ahead market coupling (SDAC). On June 8, 2022, the Core Flow-Based Market Coupling (Core Flow-Based Market Coupling) Core FB project was put into operation, thus initiating day-ahead market coupling based on flows in the Core capacity calculation region. The flow-based market coupling mechanism optimizes the European electricity market for 13 countries (Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia).

Starting from October 27, 2021, the Romania-Bulgaria border has been integrated into the single day-ahead market coupling (SDAC), with the cross-border capacity between Romania and Bulgaria being implicitly allocated.

Starting from 2016, the UIOSI principle was implemented on the borders with Bulgaria and Hungary, and starting from 2017 also on the border with Serbia. According to this principle, participants who do not use the capacity won at the annual and monthly auctions are remunerated (by Transelectrica) for that capacity. The unused capacity is subsequently sold in the daily auctions.

Starting from November 2019, the 2nd wave was launched within the single European intraday market coupling solution (SIDC – Single Intraday Coupling). The unique intraday market coupling mechanism ensures the continuous harmonization of bids and bids of market participants in a bid area with bids and bids from within their own bid area and from any other bid area where cross-border capacity is available. Thus, the explicit intraday auctions are only on the border with Serbia, and on the borders with Bulgaria and Hungary they are implicit (within SIDC).

The use of net revenues from the allocation of interconnection capacity is carried out in accordance with the provisions of ANRE Order no. 171/2019 and Regulation (EU) 2019/943 of June 5, 2019 regarding the internal electricity market, as a source of financing investments for the modernization and development of interconnection capacity with neighboring systems.

Revenue from Inter TSO Compensation (ITC)

These revenues were lower in the first semester of 2022 compared to the first semester of 2021 with the amount of 673, the reduction being caused by the international political situation that led to a drastic decrease in scheduled energy exchanges with Ukraine.

Income from OTC transactions

Revenues from energy trading for OTC were higher in the first semester of 2022 compared to the first semester of 2021 with the amount of 179. These revenues were obtained, mainly, from the sale of surplus energy on the Intraday Market administered by OPCOM and on the Balancing Market, being influenced by the increase in prices on the electricity market.

Revenue from technological system services

Revenues from technological system services registered a decrease in the first semester of 2022 compared to the first semester of 2021 with the amount of 66,492, determined both by the decrease in the tariff approved by ANRE for these services (cf. the table on the tariffs approved by ANRE for the analyzed period, previously presented), as well as reducing the amount of electricity delivered to consumers by 4.86%, respectively by 1,374,796 MWh.

For the activity of technological system services, the regulatory framework specific to it contains regularization mechanisms that ensure the compensation of the excess or deficit of revenues compared to the level of expenses necessary for carrying out the respective activity. Thus, according to ANRE regulations, the income surplus/deficit compared to recognized costs resulting from the performance of this activity is to be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the surplus was recorded / the respective deficit. The surplus/deficit of income compared to the costs resulting from the performance of this activity is calculated on tariff programming periods.

Income on the balancing market

The revenues realized on the balancing market registered an increase in the first semester of 2022 compared to the first semester of 2021, with the amount of 1,025,965, mainly determined by the following aspects:

- regulatory aspects:
 - the elimination of price limits for bidding on the balancing market, according to the Regulation on the operation and settlement of the balancing market and the Regulation on the scheduling of dispatchable production units, dispatchable consumers and dispatchable storage facilities, approved by ANRE Order no. 61/31.03.2020;
 - eliminating the obligation to participate in the balancing market, according to the Regulation on the calculation and settlement of imbalances of the parties responsible for balancing - single imbalance price and for the modification of some orders of the President of the National Energy Regulatory Authority, approved by ANRE Order no. 213/25.11.2020;
 - the transition of the balancing market to the settlement interval of 15 minutes;
 - application of the single settlement price on the balancing market starting from February 1, 2021; the application, starting from June 1, 2021, of the new set of common rules for the settlement of intentional energy exchanges and unintentional energy exchanges (FSKAR calculation methodology – Financial Settlement of $k\Delta f$, ACE and Ramping Period) which provides carrying out a financial settlement between the Transport and System Operators, thus eliminating compensations in kind determined according to the ENTSO-E methodology by the Settlement Centers in Brauweiler (Germany) and Laufenburg (Switzerland), which NPG Transelectrica SA traded on the Market for the next day. The respective Settlement Centers will transmit the results to each Carrier and System Operator in the form of daily files containing the intended exchanges and unintentional exchanges (quantities - prices) calculated for the respective Carrier and System Operator, on each settlement interval. The set price is the weighted average of the prices from trading on the Day-Ahead Markets in all ENTSO-E member states, the prices being expressed in

Euro/MWh. The costs and revenues highlighted in the invoice received from JAO regarding the settlement of energy related to unintentional exchanges will be included in the settlement calculation in the Balancing Market, in accordance with the provisions of ANRE Order no. 33/2021, regarding the amendment and completion of the Regulation for the calculation and settlement of imbalances of the parties responsible for balancing – single imbalance price, approved by ANRE Order no. 213/2020.

The revenues, respectively the expenses related to the intentional exchanges of energy (FSKAR-FCP-EU) and the unintentional exchanges of energy (FSKAR-EU) are recorded at the indicators income on the balancing market, respectively expenses on the balancing market, taking into account the modification of the rules of settlement of imbalances on the energy market, intentional and unintentional exchanges being integrated into the settlement mechanism related to the balancing market;

- the application, starting from January 1, 2022, of the rules for compensation of imbalances between all TSOs, according to the IN Platform (Imbalance Netting). In this sense, from 01.01.2022 the European platform, International Grid Control Cooperation (IGCC) or the IN (Imbalance Netting) platform for the process of compensation of imbalances between all TSOs, which performs the automatic frequency restoration process pursuant to part IV of Regulation (EU) 2017/1485.

We specify that the International Grid Control Cooperation (IGCC) represents the project that was chosen in 2016 by ENTSO-E, to become the future European platform for the imbalance compensation process, as defined in Regulation (EU) 2017/ 1485 of the Commission of August 2, 2017 establishing a guideline regarding the operation of the electricity transmission system (art. 22). The IGCC initiative was started in 2010 by the operators in Germany and later expanded to the level of the central European systems, representing a way of optimizing the secondary regulation of frequency - alternating power, by reducing the actions of the opposite direction of the regulators of the member operators, resulting thus an optimized use of the system reserve "Frequency Restoration Reserve with automatic activation" of the RRF, at the overall level.

- aspects regarding market operation:

- the way of contracting on the markets prior to the balancing market at the local and regional level;
- the evolution of the average price recorded on the balancing market;
- the evolution of hydraulics;
- the evolution of electricity production and consumption;
- the evolution of CO2 certificates;
- the common settlement rules for intentional energy exchanges and the common settlement rules for unintentional energy exchanges established according to the provisions of Regulation (EU) no. 1485/2017 establishing a guideline regarding the operation of the electricity transmission system and Regulation (EU) no. 2195/2017 establishing a guideline on balancing the electricity system.

The regulations implemented in the national legislation in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019 regarding the electricity market, settlement at the granularity interval of 15 minutes, application of the single settlement price on the electricity market balancing, the European context of the evolution of the electricity market, the evolution of the price of CO2 certificates and the evolution of the way of managing the spread of Covid-19 at the country level have had and will continue to have a significant impact on the evolution of revenues/costs on the balancing market.

For the activity of managing the balancing market, the regulatory framework specific to it contains regularization mechanisms that ensure the compensation of the excess or deficit of revenues compared to the level of expenses necessary for carrying out the respective activity. Thus, according to ANRE regulations, the non-zero monthly balances (income surplus/deficit) resulting from the performance of this activity are to be compensated by ex-post tariff correction (negative/positive) applied by ANRE in the tariff in the years following the one in which they were recorded the respective balances.

15. SYSTEM OPERATION AND BALANCING MARKET EXPENSES

System operating expenses and balancing market expenses realized in the first semester of 2022 compared to the first semester of 2021 are presented as follows:

30 june 2022

30 june 2021

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

Expenses on own technological consumption	434,186	176,032
Congestion expenses	221	-
Expenses for the electricity consumption in RET substations	20,628	10,252
Expenses regarding functional system services	31	6,457
ITC expenses (Inter TSO Compensation)	10,970	9,404
Total system operating expenses	466,036	202,145
Expenses regarding technological system services	230,820	291,462
Balancing market expenses	1,494,866	456,126
Total	2,191,722	949,733

Expenditures regarding own technological consumption

These represent expenses for the purchase of electricity from the free electricity market, respectively the Centralized Market of Bilateral Contracts (PCCB), the Day-Ahead Market (DAM), the Balancing Market (PE) and the Intraday Market (PI) to cover own consumption technological (OTC) in RET.

Expenditures regarding own technological consumption were higher by the amount of 258.154 in the first semester of 2022 compared to the first semester of 2021, considering a number of aspects, as follows:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electric Transport Network (RET) is strongly dependent on weather conditions, the structure of electricity production and consumption at the national level, the distribution of electricity flows in the internal transport network and on the interconnection lines with neighboring power systems, its value being very little/almost not at all controllable under the conditions of an interconnected and coupled regional energy market;
- the average price of energy purchased from DAM more than 3.6 times higher in the period January - June 2022 compared to the similar period of 2021, significantly exceeding the values recorded in recent years. The same trend is also observed at the European level, which has a significant impact on the costs recorded for OTC coverage;
- the unpredictability of the market was manifested by the sharp and rapid increase in prices, as a result of EU policies in the direction of decarbonization, in the context of the increase in the price of the carbon emissions certificate, of a level of electricity production capacities insufficient to replace fuel-based production fossils, especially coal, in the context of market liberalization, the armed conflict in Ukraine, the lack of competition between producers and suppliers for the purchase of energy, in order to be able to fulfill their contracts with the many customers who opted for the free market;
- the current price situation on the wholesale electricity market is fundamentally different compared to the situation in the first semester of 2021 and compared to the situation in previous years. The difference is striking and is evident at the level of the entire European continent, not only at the level of Romania. In this sense, the evolution of wholesale energy prices on the European spot market can be observed, in the context of the international situation. The situation at the European level has deteriorated rapidly since the beginning of the year, the energy stress being unprecedented especially for electricity and natural gas, which constitute fuel for the production of electricity;
- the legislative changes that appeared on the balancing market (elimination of price limits for bidding on the balancing market, elimination of the obligation to participate in the balancing market, application of the single settlement price on the balancing market, transition of the balancing market to the 15-minute settlement interval) led to increases in the average price of energy purchased from the Balancing Market;
- following the publication of Emergency Ordinance no. 27/18.03.2022 regarding the measures applicable to final customers in the electricity and natural gas market during the period 01 April 2022 - 31 March 2023, a series of bilateral contracts were concluded directly with energy producers with delivery from April 2022, covering about 75% of the estimated own technological consumption, which reduces the need to purchase energy to cover OTC from the spot market and creates a more stable framework for forecasting costs and revenues with OTC.

Congestion expenses

The attached notes are integrant part of these consolidated interim financial statements

In the first semester of 2022, congestion expenses were recorded in the amount of 221, mainly determined by:

- the congestions recorded in January 2022, which made it necessary to reduce the production in some wind power plants in the south-eastern area of the country, which had as their cause the transit of power through the SEN from Bulgaria to Hungary and Ukraine, on top of which a very high production in CEE. These have determined very high power circulations on the 400 kV Smârdan – Gutinaș OHL and on several lines in Moldova and Transylvania, and in some cases also on the south-north direction of the SEN, i.e. exceeding the admissible values of the circulations through the characteristic sections 5 and 6 from SEN;
- the congestion recorded in March 2022 and reflected in the accounting records in April 2022 caused by the operation of the energy market. Thus, in order to reduce the transit of power through the SEN from Bulgaria to Hungary and Ukraine, on top of which a very high production in the CEE was superimposed (over 2,500 MW, a value much higher than the notified power) and for the inclusion of the admissible value of the sections characteristics 5, 6 of the SEN, in the conditions of very high power flows on the OHL 400 kV Smârdan – Gutinaș (approximately 900 MW) and on several lines from Moldova and Transylvania and on the south-north direction of the SEN, it was necessary to reduce production wind turbines in the Dobrogea area;
- congestion recorded in April 2022 and reflected in the accounting records in May 2022. Thus, following the activation of the OHL 400 kV Cernavodă – Gura Ialomiței circ. 1 – temporary Făcăeni derivation, in order to comply with safety criteria in operation, power reductions were necessary due to network congestion at the renewable power plants in the Dobrogea area;
- the congestion recorded in June 2022. Against the backdrop of the activation of the 400 kV Țânțareni – Sibiu Sud OHL, the 220 kV Paroșeni – Târgu Jiu Nord OHL, the 220 kV Reșița – Timișoara circ. 2 (in the conditions in which the 220 kV Reșița – Timișoara circ. 1 OHL was withdrawn from operation, scheduled), the 400 kV Țânțareni – Bradu, L400 kV Domnești – Urechești OHL in heatwave conditions, power reductions/power increases were necessary on network congestion at the power plants in the affected areas.

Expenditures regarding electricity consumption in RET stations

These expenses registered an increase of 10.374 in the first semester of 2022 compared to the first semester of 2021, an increase due to the increase in electricity purchase prices, as well as the legislative changes applicable starting from July 1, 2021, respectively the provisions of ANRE Order no. 82/2021.

Inter TSO Compensation (ITC) expenses

ITC charges represent the monthly payment obligations/collection rights for each transmission and system operator (TSO). They are established within the mechanism for compensation/settlement of the effects of the use of the electric transmission network (RET) for electricity transits between TSO operators in the countries that have joined this mechanism within ENTSO-E. In the first semester of 2022, these expenses were higher by 1.566 compared to the similar period of the previous year.

Expenses regarding technology system services

The technological system services are purchased by the Company from the producers in order to ensure the maintenance of the safety level in the operation of the SEN and the quality of the electric energy transported to the parameters required by the technical norms in force, based on the requirements established by the National Energy Dispatcher (organizational unit from within the Company) which is responsible for ensuring the stability and safety of the SEN operation.

The contracting of these services is carried out both in a competitive regime and in a regulated regime (based on the Decisions of the National Energy Regulatory Authority), in the case of reserves for reactive energy.

The acquisition of system technological services is carried out competitively through daily auctions, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019.

In the first semester of 2022, the contracting of system technological services in a regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by the Hydroelectric Power Production Company "Hidroelectrica" SA.

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

The expenses regarding technological system services registered a decrease in the first semester of 2022 compared to the first semester of 2021, in the amount of 60.642. The purchase prices of system services on the competitive market in the first semester of 2022 remained around the following values:

- the average purchase price of the secondary regulation reserve at the value of 79.10 lei/hMW;
- the average purchase price of the rapid tertiary regulation reserve, for power increase, at the value of 43.80 lei/hMW;
- the average purchase price of the rapid tertiary adjustment reserve, at power reduction, at the value of 9.42 lei/hMW.

Also, in the first semester of 2022, a high level of concentration of the technological system services market was manifested for the technological services of the secondary reserve (RS) system.

For the next period from 2022, it is estimated that the acquisition of system technological services through daily and per-way auctions carried out in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019, the evolution of the regulatory framework of ANRE regarding the electricity market, as well as the European context of the evolution of the electricity market, the evolution of the price of CO₂ certificates, will have a significant impact on the evolution of costs with the purchase of system services at the level of NPG Transelectrica SA.

Expenses regarding the balancing market

The expenses regarding the balancing market made in the first semester of 2022, in the amount of 1.494.866, were higher by 1.038.740 compared to those made in the first semester of 2021. These expenses result from the notifications/achievements of the participants on this market.

16. PERSONAL EXPENSES

	<u>30 june 2022</u>	<u>30 june 2021</u>
Personnel expenses	168,827	148,649
- of which expenses for employees' salaries	146,113	134,776

The total personnel expenses made in the first semester of 2022 show an increase compared to the previous period, determined, mainly, by the variation of some elements of expenses, such as: the increase of expenses with staff salaries, of expenses with vouchers granted to employees, as well as the return to income of a part of the established provisions, simultaneously with the payment made for the OAVT certificates (OAVT = remuneration of executive and non-executive administrators consisting of the variable component related to the OAVT packages allocated and not capitalized during the mandates executed in the period 2013-2017) , payments made based on enforceable court sentences, received by the Company.

ii) Number of employees

On June 30, 2022 and June 30, 2021 the average number of employees with individual labour contract with undetermined period was the following:

Număr salariați	<u>30 june 2022</u>	<u>30 june 2021</u>
Transelectrica SA	2,022	1,996
Smart SA	606	610
Teletrans SA	225	214

17. OTHER OPERATIONAL EXPENSES

	<u>30 june 2022</u>	<u>30 june 2021</u>
Other expenses with services provided by third parties	16,361	41,902
Postal and telecommunication expenses	372	487
Expenses on rents	3,041	3,163
(Revenues)/ Expense net for impairment adjustments for current assets	10,608	286
Other expenses	775	985
Total	31,156	46,825

The attached notes are integrant part of these consolidated interim financial statements

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

In the first semester of 2022, these expenses registered decrease in the amount of 15.669 compared to the first semester of 2021, mainly determined by the variation of other expenses with services provided by third parties.

Increase was recorded for the operating expenses (net) regarding the adjustments for the depreciation of current assets, taking into account the provisions made for Next Energy Partners SRL, Romelectro SA, OPCOM SA, CET Govora SA, etc., of the adjustments for the depreciation of stocks, simultaneously with the resumption of income adjustments for depreciation of current assets (CET Govora SA, UCM Energy, etc.), adjustments for inventory depreciation, etc.;

18. NET FINANCIAL RESULT

	<u>30 june 2022</u>	<u>30 june 2021</u>
Interest revenues	640	1,503
Revenues from exchange rate differences	3,236	2,081
Other financial revenues	2,294	60
Total financial revenues	6,171	3,644
Interest expenses	(5,309)	(2,527)
Expenses from exchange rate differences	(4,361)	(3,152)
Other financial expenses	(5)	(7)
Total financial expenses	(9,675)	(5,686)
Net financial result	(3,504)	(2,042)

On June 30, 2022, the Group recorded a net financial result (loss) in the amount of 3.504, higher by 1.462 compared to the one recorded in the similar period of 2021. This was mainly influenced by the interest applied in the analyzed period, but also by the evolution of the exchange rate of the national currency in relation to the foreign currencies in which the Group has contracted bank loans for the financing of investment programs.

On June 30, 2022, interest expenses in total amount of 5.309, from which the amount of 565 represents the interest calculated for fixed assets related to the rights of use of assets taken under lease - buildings, according to the provisions of IFRS 16 - Leasing contracts.

In June 2022, the amount of 1,283 was recorded under other financial income representing the execution of the performance guarantee of the works contract C260/2017 – Modernization of the 110 and 400(220)kV installations in the Focșani-Vest station.

The exchange rate of the national currency recorded on June 30, 2022 compared to that recorded on June 30, 2021, is presented as follows:

Currency	<u>30 june 2022</u>	<u>30 june 2021</u>
Lei / Euro	4.9454	4.9267
Lei / Dolar SUA	4.7424	4.1425

19. DISPUTES AND CONTINGENCIES

➤ **Litigation in progress**

The management periodically analyzes the situation of ongoing litigation, and after consulting with its legal representatives, decides the need to create provisions for the amounts involved or to present them in the financial statements.

Considering the existing information, the management of the Company believes that there are no significant pending litigations in which the Company has the capacity of defendant, except for the following:

• **AUTONOMOUS REGIA FOR NUCLEAR ACTIVITIES ACTIVITIES (RAAN)**

On the role of the Mehedinti Court – Second Civil Section, of Administrative and Fiscal Litigation, file no. 3616/101/2014, having as its object "claims in the amount of 1,091, against invoice no.

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

1300215/31.12.2013", file in which the Company is the defendant, the plaintiff being the Autonomous Directorate for Nuclear Activities - RAAN.

By civil sentence no. 127 pronounced on 10.10.2014, the Mehedinti Court ordered the admission of the request made by the Plaintiff RAAN and obliging the Company to pay the amount of 1,091, equivalent to invoice no. 1300215/ 31.12.2013.

The company filed an appeal by which it requested the Court that, by the decision it will pronounce, order the admission of the appeal as it was formulated, annul the contested decision and sentences and send the case to the territorially competent court for its trial, finding that the requirements of art. 1616-1617 of the Civil Code, which is why it is requested to establish the intervention of the legal compensation of the mutual debts and their extinguishment until the competition of the lowest amount among them, in this case the total amount requested by the plaintiff through the summons request, the obligation of the respondent - plaintiffs to pay the expenses incurred with this appeal.

The appeal was registered before the High Court of Cassation and Justice, which decided to quash decision no. 843/2015 and sent the case for retrial on appeal to the same court, the Craiova Court of Appeal.

By decision no. 124/2017, the Craiova Court of Appeal admitted the appeal declared by Transelectrica and quashed sentence no. 127/2014 pronounced by the Mehedinti Court, and the case was sent for retrial to the Bucharest Court - VI Civil Section. On the role of the Bucharest Court, the case was registered under no. 40444/3/2017, which by civil sentence no. 4406/04.12.2017 ordered the admission of the request made by RAAN and obliged Transelectrica to pay the amount of 1,091. The sentence was appealed.

In the 2014-2015 period, the Company withheld the bonus due to RAAN on the support scheme, based on the provisions of the ANRE regulations, respectively art. 17 paragraph 5 of the ANRE President's Order no. 116/2013.

Under these conditions, RAAN calculated penalties for the non-payment on time of the due cogeneration bonus, in the amount of 3,497, withheld from payment by the Company on account of unpaid receivables. The amount of 3,497 was refused payment by the Company and was not registered as a debt within the support scheme.

The subject of file number 9089/101/2013/a152 is an appeal against the additional table of claims against the debtor RAAN, the amount in dispute being 89,361.

Transelectrica SA was entered in the RAAN debtor's table with the amount of 11,265, in the category of claims resulting from the continuation of the debtor's activity, but the amount requested by the Company is in the amount of 89,361. The amount of 78,096 was not entered in the preliminary table of claims, on the grounds that "this does not appear as owed in the accounting records of RAAN." Moreover, the judicial liquidator considered that the request to enter the amount of 78,096 in the table is formulated late, being related to the period 2011 - 2013, which is why the debt statement had to be formulated at the time of opening the insolvency procedure, respectively in dated 18.09.2013. An appeal was submitted within the legal term to the additional table of claims, the Mehedinti court approving the evidence with the accounting expertise.

At the deadline of 14.06.2018, the trial of the case is suspended until the resolution of file no. 3014/2/2014 pending before the ÎCCJ, and on 14.02.2019, the Mehedinti Court ordered the connection of file no. 9089/101/2013/a152 to file no. 9089/101/2013/a140 (having as object claims - payment request). Thus, the trial of the file was postponed, as the court considered that the presentation of Civil Decision no. 2969/26.09.2018, pronounced by the High Court of Cassation and Justice in file no. 3014/2/2014, having as object the annulment of ANRE President decision no. 743/2014.

The solution of the Mehedinti Court by Decision 163/20.06.2019 is: Accept the exception of forfeiture. Admits in part the main action as well as the related appeal. Obliges the defendant to pay to the plaintiff the amount of 16,950, a claim arising during the procedure, ordering its entry in the table of creditors set up against the debtor RAAN with this amount. Reject the rest of the related requests. Pursuant to art. 453 para. 2 C. Fr. civ. Obliges the defendant to pay the plaintiff 1 thou in court costs. With call. Pronounced in public session. Document Decision 163/20.06.2019.

Transelectrica filed an appeal within the legal term. At the deadline of 06.11.2019, the Craiova Court of Appeal ordered the rejection of Transelectrica's appeal, as unfounded. Final decision. Decision 846/06.11.2019.

Transelectrica has filed a request for review for contrary decisions, registered under File number

1711/54/2019, with a trial date of 26.03.2020 at the Craiova Court of Appeal, which will send the file to the High Court of Cassation and Justice for the settlement competence.

On 21.05.2020, the case was removed from the list with the following solution: the exception of material incompetence of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Section. Decision 140/21.05.2020.

At the court date of 02/03/2021, the ICCJ accepted the exception of the lateness of the review request and did not rule on its inadmissibility.

In the bankruptcy file of RAAN registered under no. 9089/101/2013, the Mehedinti Court postponed to the deadlines of 08.10.2020 and 04.02.2021. The solution in short: a term was granted for the continuation of the liquidation procedures, the representation of the debtor's interests in the disputes pending before the courts, the consolidation of the trust fund, the continuation of measures to recover the debts, the continuation of public auctions with the objective of capitalizing on the debtor's assets.

At the deadline of 02.06.2022, a deadline is granted for the continuation of the procedure, respectively for the capitalization of the goods, the collection of debts and the fulfillment of other liquidation operations, and the next deadline is set for the date of 06.10.2022.

Also, between RAAN and Transelectrica, there are 4 other cases in different stages of trial.

- **THE COURT OF AUDITORS OF ROMANIA**

As a result of an audit carried out in 2013, the Court of Accounts ordered certain measures to be implemented by the Company as a result of deficiencies found during that audit. The decision and conclusion issued by the Court of Accounts were challenged at the Bucharest Court of Appeal, file no. 1658/2/2014, whose object is "cancellation of control documents" - Conclusion no. 7/20.02.2014 issued by the Court of Accounts.

On 13.06.2018, the plaintiff's action is admitted in part. Partially annuls conclusion no. 7/20.02.2014, decision no. 37/9.12.2013 and control report no. 35521/6.11.2012 issued by the defendant regarding the measures ordered by the decision indicated above at 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 from point II.13 in the sense of removing the phrase "including those found in the case of invoices issued by FLOREA ADMINSTRARE IMOBILIARĂ SRL". Rejects the rest, the plaintiff's action as unfounded. Approves the electrical energy technical expertise report drawn up in the case by expert Toaxen Vasile. It obliges the defendant to pay the plaintiff the sum of 121,375 in court costs (partially the expert's fee and judicial stamp duty). Decision document 2771/13.06.2018.

In the public hearing on 21.10.2020, the appeals declared by the plaintiff and the defendant against sentence no. 2771 of June 13, 2018 of the CAB - Section VIII administrative and fiscal litigation, as unfounded. Definitive.

During the audit carried out in 2017, the Court of Accounts ordered certain measures to be implemented by the Company as a result of deficiencies found during this audit. The company filed a number of 8 appeals against the measures ordered by the Court of Accounts of Romania (CCR) by Decision no. 8/27.06.2017, requesting their cancellation, as well as Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively of Control Report no. 19211/26.05.2017. The appeals are being resolved - before the Bucharest Court of Appeal (2 files: file no. 6576/2/2017 regarding the annulment of the findings from points 7.1, 7.2. and 8, as well as the measure ordered in point II.10, term 20.01.2021, solution: the exceptions of inadmissibility, invoked in the response, are rejected, the request is rejected, as unfounded - Transelectrica declared an appeal on 19.11.2021, and file no. 6581/2/2017 regarding the annulment of the findings from point 6, as well as the measure ordered in point II.9, with a trial date of 09.09.2022), before the High Court of Cassation and Justice (4 files: file no. 6577/2/2017, regarding the annulment of findings from point 13, as well as the measure ordered at point II.13, which became file no. 1614/1/2020, deadline 01.27.2022, by which the appeal filed by the plaintiff Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against Sentence no. 2678 of 30 December 2019 of the Bucharest Court of Appeal – Section VIII administrative and fiscal litigation, pronounced in File no. 6577/2/2017, as unfounded. Definitive, file no. 6578/2/2017, regarding the annulment of the findings from point 9, as well as the measure ordered at point II.11, trial date on 28.06.2022, by which the appeal declared by the plaintiff National Transport Company is rejected as late of Energiei Electrice Transelectrica S.A. against civil sentence no. 1566 of April 23, 2019, pronounced by the Court of Appeal of Bucharest - Section VIII administrative and fiscal litigation, regarding the solution ordered on the request for suspension. Rejects the appeal declared by the plaintiff Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the same sentence, regarding the solution

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

ordered on the request for annulment, as unfounded. Definitive, file no. 6574/2/2017 regarding the annulment of the findings from point 5.2, as well as the measure ordered at point II.8, trial date on 19.10.2021 - Rejects the appeals declared by the appellant-plaintiff Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against Civil Judgment no. 1074 of March 8, 2018 and of the Closing Session of January 11, 2018, pronounced by the Bucharest Court of Appeal – Section VIII Administrative and Fiscal Litigation, as unfounded. Definitive). Three cases were settled definitively, by rejecting the application for annulment by the Bucharest Court of Appeal and rejecting the appeals by the High Court of Cassation and Justice (file no. 6583/2/2017 regarding the annulment of the findings from point 5.1, as and the measure ordered at point II.7 and II.8 and file no. 6582/2/2017 regarding the cancellation of the findings from point 11, as well as the measure ordered at point I.5, file no. 6580/2/2017 regarding the cancellation findings from point 10, as well as the measure ordered at point II.12).

In the period January-July 2020, the Court of Accounts of Romania carried out a control action at all Territorial Transport Units of NPG Transelectrica, and in the period 25.05-27.08.2020, the verification action continued at the executive headquarters of the Company. The theme of the CCR's control action was "the control of the situation, the evolution and the way of administration of the public and private patrimony of the state, as well as the legality of the realization of revenues and the execution of expenses for the period 2017-2019" at NPG Transelectrica SA.

The control action with the theme stated above, started on 25.05.2020 at the executive headquarters of the Company, was suspended by the CCR due to the start of another control with the theme "control of the way of managing public resources during the state of emergency" ". The control started on 06/02/2020 and was completed on 06/26/2020.

Through the Control Report concluded by the CCR auditors on the subject of "control of the way of managing public resources during the state of emergency", report registered in the Company with no. 24225/26.06.2020, no deficiencies were found, as a result no Decision was issued ordering measures.

After the completion of the control regarding the way of administration of the public and private patrimony of the state, as well as the legality of the realization of income and the carrying out of expenses for the period 2017-2019, control completed on 06.10.2020, the Control Report was issued with no. 40507/06.10.2020 and on 09.11.2020, the Court of Accounts of Romania, through Department IV, issued Decision no. 15 which contains 10 measures, with a deadline of 31.05.2021, which was extended by the CCR at the request of the Company until 31.12.2021.

The company raised objections and filed Appeal no. 50090/26.11.2020, registered at the Court of Accounts with no. 139775/26.11.2020, requesting the cancellation of the measures. As a result of the examination and analysis by the CCR auditors of the Appeal filed by the Company, by the Conclusion no. 2 of 10.03.2021, the cancellation of one of the 10 measures ordered was admitted.

On 02.04.2021, the Company filed an appeal regarding the cancellation of the administrative act, file registered at the Bucharest Court of Appeal under no. 2153/2/2021.

At the deadline of 10.12.2021, CAB rejects the summons request filed by the Company, as unfounded. Rejects the request for suspension as unfounded. With the right of appeal within 15 days from the communication and with the right to appeal within 5 days from the communication regarding the end of the request regarding the suspension; the appeal request to be submitted to the Bucharest Court of Appeal.

- **ANRE**

NPG Transelectrica SA filed a complaint against ANRE President's Order no. 51/ 26.06.2014 registered at ANRE under no. 47714/04.08.2014 and an appeal to the Bucharest Court of Appeal, which is the subject of file no. 4921/2/2014, requesting either the modification of the Order indicated above, or the issuance of a new order, in which the RRR value is recalculated at the level of 9.87% (recalculated with a coefficient (β) of 1.0359, according to Transelectrica's internal analyses) or, to the extent that this request will be rejected, using the same percentage of 8.52% established by ANRE for the year 2013 and the first semester of 2014.

On 26.06.2014, ANRE Order no. 51, published in Official Gazette no. 474/27.06.2014, regarding the approval of the average tariff for the transport service, the tariff for the system service and the zonal tariffs related to the transport service, practiced by the National Electric Energy Transport Company "Transelectrica" - SA and repealing annex no. . 1 to the Order of the President of ANRE no. 96/2013 regarding the approval of the average tariff for the transport service, the tariff for the system service, the zonal tariffs related to the transport service and the tariffs for reactive electricity, practiced by economic

operators in the electricity sector. The values taken in the calculation of the regulated rate of return (RRR) by ANRE according to the Methodology for setting tariffs for the electricity transmission service approved by ANRE Order no. 53/2013 ("Methodology"), determined an RRR value of 7.7%.

At the deadline of 25.09.2018, the solution in short was that the expert would be returned with an address, in order to carry out and submit the expert report to the file, with the mention of proving the impossibility of submitting the expert report by the deadline judgment, in which sense he will order the postponement of the case.

At the court date of 22.01.2019, the court approves in principle the request for accessory intervention in the interest of the defendant (ANRE), formulated by the intervener ALRO SA, with an appeal along with the merits. On 25.06.2019, in order to give the parties the opportunity to learn about the content of the expert report, the case is postponed.

At the deadline of 10.09.2019, considering the request of the representative of the plaintiff to learn about the content of the objections formulated by the intervener and to give him the opportunity to respond to them, bearing in mind the fact that the plaintiff submitted meeting notes accompanied by documents that require translation to them, admits the request to postpone the case and orders the granting of a new trial term.

At the term of 03.12.2019, it was decided to postpone the case and to grant a new term of court in order to return with an address to the expert in order to file the answer to the objections, with the mention that he should appear in court at the next term of court. He will suggest to the expert that, before the next court term, he should communicate a copy of the response to the objections to the parties.

At the next deadline on 12.05.2020, the file was suspended for the entire period of the state of emergency.

On 23.06.2020, the case was postponed to give the parties the opportunity to take note of the response to the objections. Also, at the deadline of 21.07.2020, the case was postponed, the solution being: address to the expert to appear in court.

On 06.10.2020, the request was rejected with the following brief solution: the exception of inadmissibility was rejected as unfounded. The action was dismissed as unfounded. With appeal within 15 days of communication. Pronounced by making the solution available to the parties, through the mediation of the court registry. Decision 362/2020.

At the deadline of 11.01.2021, the solution in short is: Accept the device completion request. Orders the completion of the device of civil sentence no. 362/06.10.2020 with the solution given on the request for accessory intervention, in the sense that: Admits the request for accessory intervention, formulated by the intervener ALRO SA in support of the defendant ANRE. With the right of appeal within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal.

We specify that the litigation did not affect the relationship with ANRE nor the Company's financial results.

Transelectrica declared appeal that will be judged on 11.05.2022.

• **OPCOM**

On the role of the Bucharest Court, file no. 22567/3/2019, which is about "claims", file in which the Company is the plaintiff, the defendant being OPCOM SA.

Through the application for summons, the plaintiff NPG Transelectrica SA requested the court that, by the judgment it will pronounce, order:

- obliging the defendant OPCOM SA to pay the amount of 4,517, related to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the value of the VAT related to the contribution brought by NPG Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement no. 7181RO/2003, commitment for the financing of the "Electricity Market Project" investment project;

- obliging the defendant OPCOM SA to pay the amount of 1,293 related to invoices TEL 19 T00 no. 17/28.01.2019 and TEL 19 T00 no. 131/10.07.2019, representing the legal penal interest, calculated for non-payment on time of the invoice series TEL 16 AAA no. 19533/29.07.2016.

- obliging the defendant OPCOM SA to pay court costs.

At the deadline of 03.07.2020, the court discussed the request of the parties to suspend the trial of file no. 22567/3/2019, formulated by OPCOM remaining in the pronouncement.

At the term of 17.07.2020, the court pronounced the following solution in short: Suspend the trial of the case until the final resolution of file no. 31001/3/2017, having as its object an action to annul the decision of the Opcom AGM (in which Transelectrica is not a party and in which on 02.01.2021 it was decided to reject the declared appeals, the solution being final).

After the final settlement of file no. 31001/3/2017, NPG Transelectrica SA filed a request to reinstate file no. 22567/3/2019, as the reason for suspending the case no longer existed. The Bucharest Court put the case back on the docket, setting a trial date of 05.11.2021.

At this term, after the appeal made in the case, the court gave the floor to the parties on the "exception of the prescription of the material right to action". After the oral submissions by the parties on this exception, the court remained in ruling on it, postponing the ruling to 03.12.2021.

On 03.12.2021, the Bucharest Court pronounced the following solution in short: "Admits the exception of the prescription of the substantive right to action. Dismiss the action as time-barred. "Document: Decision 3021/2021 03.12.2021".

The company has declared an appeal, an appeal that does not have a fixed court date.

Before the Bucharest Court, file no. 24242/3/2021, in which the plaintiff is OPCOM SA, and NPG Transelectrica SA is the defendant.

The purpose of this file is to establish the nullity of the act - contribution in kind, materialized through intangible assets, the trading platform - the Commercial Exchange and the Regional Electricity Exchange, financed by loans contracted by NPG Transelectrica SA from IBRD, based on loan agreement no. . 7181RO/17.07.2003, as well as from NPG Transelectrica SA's own sources, which were made on the basis of service contracts and deliverables no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by AGEA Decision no. 6/15.06.2016 and, subsequently, AGOA Decision no. 2/25.05.2017 and AGOA Decision no. 7/24/05/2018.

At the court date of 11.04.2022, the court discussed the exceptions invoked by NPG Transelectrica SA, by response. Also, at this term, the proposed evidence to be administered in this case was discussed. The court postponed the trial of the case to the fixed term of 26.09.2022, in order to administer the evidence with the financial-accounting expertise to be carried out in this file.

• **CONAID COMPANY SRL**

In 2013, Conaid Company SRL sued NPG Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract and requested compensation for the expenses incurred up to that point in the amount of 17,420 and unrealized profits for the period 2013-2033 in the amount of EUR 722,76 mil. Until this moment, the Company has not concluded an addendum to the connection contract because the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by March 11, 2014, the date on which the technical approval for connection expired. File no. 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Administrative and Fiscal Litigation Section, having as its object the obligation to issue an administrative act, the procedural stage – appeal, the trial term being 09.12.2015. At this term, the High Court of Cassation and Justice admitted, in principle, the appeals and set a deadline for the trial, on the merits, of the appeals on April 8, 2016. Complete 4, with the citation of the parties.

The judgment of the case was postponed to 17.06.2016, when the court remained in judgment, postponing the judgment to 29.06.2016, when it issued Decision no. 2148/2016, by which it ordered the following: "Rejects the exceptions invoked by the appellant-plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the appellant-defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admits the appeal declared by the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the decision of the meeting of February 18, 2014 and the civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Overturns the challenged conclusion and the sentence in part and sends the case to the Bucharest Court – Civil Section VI for the resolution of the plaintiff's action against Transelectrica S.A. Maintains the other provisions of the sentence regarding the plaintiff's action against the National Energy Regulatory Authority. It rejects the appeals declared by the plaintiff Conaid Company S.R.L., through the judicial administrator RVA Insolvency Specialists SPRL and by the intervener Duro Felguera S.A. against civil sentence no. 1866 of June 11, 2014, pronounced by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Rejects the appeal declared by the defendant Compania Națională de Transport al Energiei

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

Electrice Transelectrica S.A. against the conclusion of the meeting of March 25, 2014, issued by the Bucharest Court of Appeal - Section VIII administrative and fiscal litigation. Definitive. Pronounced in public session, on June 29, 2016.

On the role of the Bucharest Court - VI Civil Section, the case was registered under no. 12107/3/2017. By civil sentence no. 4364/23.11.2017, the Court admits the exception of inadmissibility and rejects the request as inadmissible. It also rejects the request for intervention in the interest of the plaintiff. With appeal within 30 days of communication. The appeal was submitted to the Bucharest Court, Civil Section VI and available to the parties through the registry, on 23.11.2017.

On 02.11.2018, a new summons request filed by Conaid Company SRL, in file no. 36755/3/2018, by which the plaintiff requested the court to order the obligation of Transelectrica SA to "repair the damage caused to the plaintiff, as a result of the defendant's culpable failure to fulfill its obligations, in the amount of 17,216, consisting of the damage actually suffered and the unrealized benefit, provisionally estimated at 100 thou. euros. Considering the unjustified refusal of Transelectrica SA to conclude and sign an addendum to Contract no. C154/27.04.2012, and in the situation where the court will consider that, from a formal point of view, the obligation regarding the suspensive conditions cannot be considered fulfilled by the plaintiff, this non-execution is due to the exclusive fault of Transelectrica SA, the defendant preventing the fulfillment of the conditions" .

At the deadline of 15.10.2019, reject as unfounded the exceptions of lack of active procedural quality and lack of interest. It unites with the fund except for the prescription. With appeal together with the fund. Pronounced by making the solution available to the parties through the mediation of the court registry.

Grants a deadline for the continuation of the investigation of the process on 26.11.2019, with the summoning of the parties. With appeal together with the fund. Pronounced by making the solution available to the parties through the mediation of the court registry.

It is postponed for the administration of evidence with expertise and a deadline of 21.01.2020 is granted.

On 21.01.2020, the case is postponed to carry out the expertise and the next term is granted on 31.03.2020.

At the term of 31.03.2020, the short solution was the following: Suspended by law based on art. 42 paragraph 6 of the Decree of the President of Romania 195/2020 regarding the establishment of the state of emergency on the territory of Romania, for the entire period of the state of emergency.

After several postponements, the next deadline is set for 28.09.2022, in order to administer the evidence with the expertise.

• **ROMENERGY INDUSTRY**

File no. 2088/107/2016 before the Alba Tribunal has as its object "Bankruptcy - Application for enrollment in the credal table".

Transelectrica submitted an application for registration to the credit table with the amount of 16,112, and the claim was admitted and entered in the preliminary table.

The solution in short: I set a deadline of 14.10.2019, for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts. The judicial liquidator will draw up and submit to the file: - every 15th of the month, for the previous month, the monthly activity reports provided for in paragraph 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the term, the summary report at 120 days, provided by the final part of par. 3 of art. 59 Law 85/2014.

On 11.05.2020, the trial was suspended by right, for the duration of the state of emergency, established on the territory of Romania.

At the deadline of 22.06.2020, the case was postponed. The solution in short: the report on the funds obtained from the liquidation of the debtor's assets and the distribution plan dated 06.03.2020 was approved.

The case was postponed to the deadline of 18.01.2021. The solution in short: Report no. 1334 on the funds obtained from the liquidation of the debtor's assets and Plan no. 1335 distribution of funds.

At the deadline of 16.05.2022, a deadline of 19.09.2022 is set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

- **RESITA MUNICIPALITY**

File no. 2494/115/2018* - file no. 2494/115/2018**, registered on the roll of the Caras Severin Court, is the subject of the summons, by which the plaintiff Resita Municipality requests the obligation of the defendant Transelectrica SA to pay the following amounts:

- 2,130, representing the rent for the temporarily occupied land area from the forestry fund related to 2015;
- 2,130, representing land rent related to 2016;
- 2,130, representing land rent related to 2018;
- 2,130, representing land rent related to 2019;
- 2,130, representing land rent related to 2020;
- punitive legal interest from the due date until actual payment.

The solution in short: Accept the exception of territorial non-competence of the Caras-Severin Tribunal. It declines the competence to resolve the request made by the plaintiff Resita Municipality - through the mayor, contrary to the defendant "Transelectrica" SA, in favor of the Bucharest Court. No appeal, according to art. 132 paragraph 3 of the Code of Civil Procedure. Pronounced in public. Decision 313/11.03.2019.

At the deadline of 25.10.2019, the exception of the territorial incompetence of the Bucharest Court is admitted. It declines the competence to resolve the case in favor of the Caras-Severin Court. It states that there is a negative conflict of jurisdiction between the Bucharest Court and the Caras-Severin Court. Suspend the case and forward the file to the High Court of Cassation and Justice, in order to resolve the negative conflict of jurisdiction. No recourse. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the deadline of 16.07.2020, by decision no. 1578, established the competence to resolve the case in favor of the Caras Severin Court – Civil Section I.

File no. 2494/115/2018** at the term of 22.03.2021, the short solution is: Suspend the trial of the summons request filed by the plaintiff Resita Municipality, through the Mayor, in opposition to the defendant "Transelectrica" SA, having as its object claims, in the basis of art. 413 paragraph (1) point 1 of the Civil Code With appeal, how long does the suspension of the course of trial of the trial last, to the hierarchically superior court.

- **ANAF**

In 2017, the general fiscal inspection started at the headquarters of Transelectrica SA on 14.12.2011 was completed, which covered the period from December 2005 to December 2010.

The general fiscal inspection began on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA.

As a result of the completion of the control, ANAF - DGAMC has established additional fiscal obligations to be paid by the Company, namely profit tax and VAT, as well as additional fiscal obligations (interests/late increases and late penalties) related to the system services system technology charges (STS) billed by energy suppliers, considered non-deductible following the fiscal inspection.

According to the Taxation Decision no. F-MC 439/30.06.2017 in the total amount of 99,013, ANAF – DGAMC established additional fiscal payment obligations by the Company, in the amount of 35,105, as well as additional fiscal obligations (interest/ late payment increases and delay penalties), in the amount of 63,908.

Mainly, the Fiscal Inspection Report of ANAF recorded the following additional payment obligations: profit tax in the amount of 13,727, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire broke out on the night of June 26-27, 2009, at the workplace in the Millenium Business Center building in Armand Călinescu Street no. 2-4, sector 2, where the Company was operating), documents with special regime.

These invoices were the subject of a dispute with ANAF, which issued a fiscal inspection report on September 20, 2011, which estimated the VAT collected for a number of unused invoices identified as missing.

The company appealed within the legal term, according to OG no. 92/2003 regarding the Fiscal Procedure Code, Taxation Decision no. F-MC 439/30.06.2017.

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

ANAF issued enforcement title no. 13540/22.08.2017 on the basis of which the additional payment obligations established by the Taxation Decision no. F-MC 439/30.06.2017.

The company requested the cancellation of executive title no. 13540/22.08.2017 at the Court of Appeal - file no. 7141/2/2017. The solution in short: Admits the exception of material incompetence of the Bucharest Court of Appeal - SCAF. It declines in favor of the Bucharest District 1 Court the material competence to resolve the case. No recourse. Pronounced in public session from 08.02.2018. Document: Decision no. 478/2018 of 08.02.2018.

Following the decline of jurisdiction, the case file no. 8993/299/2018, by which the Company challenged the enforced execution started pursuant to enforcement title no. 13540/22.08.2017, which is based on Taxation Decision no. F-MC 439/30.06.2017.

Following the Company's contestation of the fiscal administrative act Decision no. F-MC 439/30.06.2017, ANAF notified the Company Decision no. 122/13.03.2018 rejecting as unfounded the appeal filed by NPG Transelectrica SA, the decision being received on 16.03.2018, after the submission of the request for summons which is the subject of file no. 1802/2/2018.

The solution in short: Admits the request for suspension of the judgment formulated by the appellants. Based on art. 413 para. (1) point 1 of the procedural code. civil court suspends the trial until the final settlement of file no. 1802/2/2018, pending at the Bucharest Court of Appeal, Section VIII administrative and fiscal litigation. With appeal for the entire duration of the suspension, the request for appeal will be submitted to the District 1 Court of Bucharest. Document: Termination - Suspension 04/17/2018.

The Court of Appeal has file no. 1802/2/2018 by which the Company challenged the fiscal administrative act Decision no. F-MC 439/30.06.2017.

At the court term of 06.11.2018, the administration of evidence was admitted with the expertise in the accounting - taxation specialization.

At the CAB court date of 21.07.2020, the ruling was postponed.

On 30.07.2020, the case was put back on the docket, for additional clarifications.

At the deadline of 20.10.2020, the request was partially admitted with the following brief solution: the lis pendens requests were partially admitted, Decision no. 122/13.03.2018, regarding the settlement of the appeal filed against the Taxation Decision no. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Resolution of Appeals, Taxation Decision no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Fiscal Administration Agency - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and the Tax Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, in the sense that: - removes the obligation to pay profit tax in the amount of 18,522, VAT in the amount of 5,695 and the related fiscal accessories, in the amount of 48,437, fiscal obligations established for the 349 fiscal invoices with a special regime found to be missing from the applicant's management. - removes the non-deductible nature of the taxable profit calculation of the amount of 27,002, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the fiscal inspection and the obligation to pay the main and accessory fiscal claims in relation to this amount. - removes the non-deductibility when calculating the taxable profit of the amount of 344, representing "weed removal services" and the obligation to pay the main and accessory fiscal claims in relation to this amount - removes the non-deductibility when calculating the taxable profit of the amount of 230,685, representing expenses with products of a promotional and protocol nature and the obligation to pay the main and ancillary fiscal claims in relation to this amount - removes the non-deductibility of VAT in the amount of 46, related to the amount of 344, representing "weed removal services" and the obligation to pay the main and ancillary fiscal claims related to this amount - removes the non-deductible nature of VAT in the amount of 38 related to the amount of 231, representing expenses with products of the promotional and protocol nature and the obligation to pay the main and accessory fiscal claims in I match with this amount - remove the mention regarding the obligation of the Sibiu Transport Branch within NPG Transelectrica S.A to register the amount of 577 as taxable income, at the latest on 30.06.2010, the date on which the unit's registration was accepted verified at the credit table with this amount, the mention regarding the character of taxable income when calculating the profit of the amount of 577 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 regarding the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d from GD 44/2004 including the methodological norms for the application of Law no. 571/2003, the chapter related to the profit tax, respectively chapter VII the function of the

The attached notes are integrant part of these consolidated interim financial statements

accounts from Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations in accordance with the European directives and the obligation to pay the main and accessory fiscal claims in relation to this amount - removed from the Process- Verbally, the finding made regarding "the determination of the deductible value added tax lower than that registered by the plaintiff, thus resulting in a difference in the amount of 13" (annex no. 15) and the obligation to pay the main and accessory fiscal claims in relation to this amount - removes the obligation to pay late penalties that have a legal sanctioning regime, calculated for a period longer than 6 months from the date of the start of the fiscal inspection, regarding the main fiscal obligations that were maintained to the court by this decision, as established by Taxation Decision no. F-MC 439/3 06.06.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - Directorate General Administration of Large Taxpayers and by Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Resolution of Appeals. Maintains the other provisions contained in Decision no. 122/13.03.2018, regarding the resolution of the appeal filed against the imposition Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Resolution of Appeals, Decision on imposition no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers, Taxation Decision no. F-MC 439/30.06.2017, issued by the National Agency of Fiscal Administration – General Directorate for Administration of Large Taxpayers. Rejects the rest of the lis pendens requests as unfounded. Rejects as unfounded the request for court costs consisting of the judicial stamp duty. It obliges the defendants, jointly and severally, to pay to the plaintiff court costs in the amount of 4 thou., representing the fee for carrying out the expertise in the accounting-tax specialty, proportional to the admission of the request. With the right of appeal within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal. Decision no. 382/20.10.2020.

The parties appealed in March 2022.

At the meeting on 24.05.2022, the CAB rejects as unfounded the request for clarification and completion of the device. Accept the request to correct the material error in the sense that the sums of money as main and accessory tax obligations, related to the 349 tax invoices, as they appear in the contested taxation decision, will be mentioned as correct. Orders the correction of the material error in the sense of removing the wrong name of the plaintiff from the content of the appealed sentence. With recourse within 15 days of communication.

- **GRAND VOLTAGE**

File no. 17976/3/2021, registered on the roll of the Bucharest Court, is the subject of the summons, by which the plaintiff Grand Voltage requests the obligation of the defendant NPG Transelectrica SA to repair the damage caused to the subscription in the amount of 6,126 as a result of non-execution culpable of the obligations related to the Works Contract no. C 111/23.05.2018 regarding the "Connection of the Isaccea-Varna 100kV OHL and the Isaccea-Dobrujda 400kV OHL in the Medgidia Sud 400kV station Stage II-OHL 400kV d.c. Medgidia Sud Station connections".

At the deadline of 25.07.2022, TB rejects the action as unfounded. With right of appeal within 10 days of communication. The appeal request is submitted to the Bucharest Court - Section VI, under penalty of nullity. Pronounced by making the solution available to the parties through the mediation of the court registry today, 25.07.2022. Document: Decision 1812/2022 25.07.2022.

The Company is involved in disputes in contradiction with SMART and Teletrans Subsidiaries as follows::

I. Disputes in contradiction with Subsidiary SMART SA

- **File 48509/3/2017 registered with Bucharest Tribunal, Section VI Civil**

File object: NPG Transelectrica SA requests by suit to compel SMART SA to:

- Restitute to our company 7,652, which is added VAT, as prejudice incurred by our company as a result of defendant's enrichment without just cause, in the main, and as undue payment, in the second place;
- Compelling the defendant to pay the unrealised benefits associated to the amount paid as enrichment with no just cause, in principal and as undue payment in the secondary, calculated from the date when the undersigned made the undue payments to the defendant until notifying

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the law court, in quantum of 2,773, as well as compelling the defendant to further pay the unrealised benefits until the defendant's actual repayment of the amount representing the principal debt.

File stage: Rejects the summons request as unfounded. With the right of appeal within 30 days from the communication, the appeal request to be submitted to the Bucharest Court - Civil Section VI. Pronounced by making the solution available to the parties through the court registry. Document: Decision 741/12.04.2022. Transelectrica declared appeal.

Remarks about the circumstances that initiated the proceedings:

Between 16.01.2017 - 26.05.2017, our Company was subject to a control of Romania's Court of Audit, performed by a team of external public auditors from the Court of Audit's Department IV. After such control they issued the Audit Report recorded in the Company under no. 19211 of 26.05.2017, which our Company contested; later on CCR issued Decision 8/27.06.2017.

On pages 116-117 of the Audit Report, pt. 9, the Court of Audit's control team retained that in 2014, based on contract C57/31.01.2012, Transmission Branches: Bucharest, Pitesti, Sibiu and Constanta of NPG Transelectrica SA, according to the work orders to replace the 220 kV, 110 kV and 245 kV circuit breakers, accepted invoices for payment (with payment statements attached certified by the Transmission Branches and Smart Branches) with work statements elaborated by Smart Branches where breakers procured at overvaluated prices were included under materials, which were added 30% indirect expenses and 5% profit, which led to inefficient utilization of monetary funds in estimated amount of 7,652.

- **File no. 40958/3/2016 – Bucharest Tribunal**

File object:

Transelectrica in its capacity of claimant requests compelling SMART SA to pay 2,797, including VAT + 1,212, representing accessories.

File stage:

TMB settlement: The exception of the prescription of the right to action, invoked by the defendant, was admitted. The action was dismissed as time-barred. The applicant's claim that the defendant should be ordered to pay the costs was rejected as groundless. With appeal within 30 days of notification. Document: Decision 2667/2021 29.10.2021.

CAB solution 10.05.2022: Rejects the appeal as unfounded.

- **File no. 24360/3/2020 – Bucharest Tribunal**

File object:

SMART SA requested the obligation of Transelectrica to pay the amount of 14.75 thou. euros + VAT, eq. 38 concrete foundations, 98.28 thou. euros + VAT, eq. additional works canal execution, 112 + VAT, eq. Mecano type rakes, legal interest.

File stage:

TMB settlement: the extinction prescription exception was allowed. The objection of inadmissibility was qualified as a substantive defense. The action was dismissed as statute-barred, the material right to action. With the right to appeal within 30 days from the notification to the parties. The appeal is to be filed at the headquarters of the Bucharest Tribunal, Civil Section VI. Delivered in open court on May 10, 2021. Document: Decision 1263/2021; SMART filed appeal.

CAB settlement in brief: The appeal has been accepted. The appealed sentence was annulled and, judging on the substance, the exception of the extinctive prescription of the material right to action was admitted. The action was dismissed as time-barred. The appellant's claim that the respondent should be ordered to pay the costs was rejected. With an appeal within 30 days from the notification. The appeal is submitted to CAB - Civil Section VI. Delivered in open court on 11.02.2022. Document: Decision 247/2022.

SMART SA declared appeal with a deadline of 11.10.2022 at the ICCJ.

II. Disputes in contradiction with Subsidiary TELETRANS SA

- **File 16216/3/2017 registered with Bucharest Tribunal, Section VI Civil**

The file received a new number 153/2/2021 at CAB - Administrative and Fiscal Litigation Section

File object:

By its summons Teletrans SA requested the court:

- To ascertain as fully provided the services under contract 03/2007, as added;
- In subsidiary to ascertain that services under contract 03/2007, as added, were provided and partially accepted;
- To oblige Transelectrica to pay 4,649, which is added VAT in amount of 883, representing the amounts of invoices 115/2017, 123/2017 up to 143/2017;
- To oblige Transelectrica to pay 214 thou. Euro which is added VAT, at the exchange rate of the invoice issuance dates, representing the amounts of services provided and partially accepted in the contractual period May 2014 – November 2016, “in subsidiary if request petition II is admitted and not request petition I”;

File stage:

Settlement in brief: It admitted the exception of prescription of the material right to the suit regarding fiscal invoices for February – March 2014. It denied the request pertaining to invoices 115/01.03.2015 and 123/01.03.2017 as written off. It denied the remaining request items as groundless; appeal within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing on 22.04.2019. Document: Ruling 1064/2019 / 22.04.2019.

The file received a new number 153/2/2021 at CAB - Administrative and Fiscal Litigation Section, in which a negative conflict of competence arose, and the case was submitted to the ICCJ for the establishment of the competent section. The ICCJ has established that the competent section is Section VI of the CAB.

Hearing term: 18.08.2021. Settlement in brief: The objection of inadmissibility of the appeal was allowed. The appeal was dismissed as inadmissible. From the date of communication of the present decision, reported to the provisions of art. 457 paragraph 3 of the Code of Civil Procedure, the term for the exercise of the appeal begins to run. Final.

Document: Decision no. 1214 / 06.09.2021.

Teletrans claimed the appeal was under screening procedure at the ICCJ.

Remarks about the circumstances that led to the dispute:

After the control performed in January–March 2017 at Teletrans’s the Court of Audit found that Teletrans has not recovered and cashed from Transelectrica the amount of money requested as above.

Contact C03/2007 conditions invoice issuance and acceptance for payment by our Company’s representatives from branches and the executive part confirming the mentioned services in each minutes issued by the claimant.

As a result of the improper execution by Teletrans SA of services contracted under C03/2007, the local Minutes of work acceptance were not endorsed by most Transmission Branches, for which reason the Divisions developing contract C03/2007 have not accepted either the centralising monthly Minutes of work acceptance.

➤ **OTHERS**

The Company is involved in significant disputes especially to recover trade receivables (e.g. : Eco Energy SRL , Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galați SA, Independent Authority for Nuclear Activities, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Elsaco Esco, Arelco Power SRL, Arelco Energy SRL, Inversolar Energy SA, Opcom, Menarom PEC SA Galati and others).

The Group 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 into disputes with former Directorate and Supervisory Board members pertaining to their mandate contracts concluded by the Company with them. The Company has constituted provision for these disputes.

➤ **Control to the Subsidiaries**

• **TELETRANS SA**

Romania's Court of Audit

From 13.01.2020 to 22.05.2020 Romania's Court of Audit performed inspection to Subsidiary Teletrans pertaining to "control on the situation, development and administration of the state's public and private stocks and the legality in achieving the revenues and making the expenses in 2018 – 2019".

The control was completed in the subsidiary and CCR auditors issued Report 3930/22.05.2020 and Decision 7/2020 of the Court of Audit.

In 2021, CCR verified the manner of carrying out the measures provided by Decision 7/2020.

• **SMART SA**

Romania's Court of Audit

Between 13.01-22.05.2020, the external auditors of the Romanian Court of Audit performed a control at the SMART subsidiary on "control on the situation, development and administration of the state's public and private stocks and the legality in achieving the revenues and making the expenses in 2018 – 2019".

The control was completed and CCR issued Report no. 215 / 09.06.2020 and the Decision of the Court of Auditors no. 8/2020.

Subsequently, following the assessment of the manner of carrying out the measures provided by Decision 8/2020, the Follow-up Report was issued in 2021.

ANAF-DGAMC

On 28.08.2020, the tax inspection began, with the objectives of verifying the legality and compliance of tax returns and / or transactions relevant to the tax inspection, the correctness and accuracy of fulfilling the obligations related to the establishment of tax bases and the main tax obligations regarding:

- Value added tax in the period 01/01/2015-31/12-2016;
- Income tax during 01/01/2014-31/12/2016;
- Verification of compliance with the provisions of fiscal and accounting legislation;
- Verification of other issues relevant to taxation, if they are of interest for the application of accounting tax legislation.

The ANAF control was completed by issuing the Report and the Provision regarding the measures established by the fiscal inspection bodies on 22.11.2021.

Romania's Court of Audit – Follow up

During 02.02-07.02.2022, the Romanian Court of Audit carried out a control at the SMART subsidiary to verify the manner of carrying out the measures ordered by Decision 6/2017 and issued the follow-up report.

➤ *Contingencies*

On June 30, 2022, contingent liabilities amount to 36,303. These are related to litigations that have as their object claims representing additional costs following the increase of the minimum wage in the field of construction for investment contracts.

- *File no. 20780/3/2020 - plaintiff ENERGOMONTAJ SA (7,092)*

The object of the file is claims representing additional costs related to the increase of the minimum wage in the field of construction and the obligation to conclude an addendum to contract C54/2018.

The object of the C54/2018 contract is the investment project - Refurbishment of the 220/110 kV Craiova Nord station.

After several postponements of the deadlines due to the lack of the expert report, the next deadline was set for 20.04.2022.

At the meeting on 20.04.2022, TMB accepts the request to cancel the judicial expert report made by the claimant ELECTROMONTAJ SA. Orders the cancellation of the forensic technical expertise report in the

accounting specialty drawn up by expert Mrs. OPRESCU RUXANDRA and the performance of a new expertise with the objectives:

- to determine the additional costs borne by the claimant ELECTROMONTAJ SA as a result of the increase of the minimum wage in the field of constructions to the amount of 3 thou./month for the works carried out pursuant to works contract no. C54 of 27.02.2018 during January 2019 - January 2021;
- to determine the additional costs generated by the increase of the minimum wage in the field of construction to the amount of 3 thou./month for the works that will be carried out under the works contract no. C54 of 27.02.2018, starting from February 2021 until the completion of the works.

Grants a trial date of 15.09.2022.

- *File no. 25896/3/2020 - claimant Electromontaj Bucharest (10,000)*

The subject of the file is claims representing additional costs related to the increase of the minimum wage in the field of construction for the investment contract C229/2015 - Switching to the 400 kV voltage of the Portile de Fier - Resita - Timisoara - Sacalaz - Arad /OHL 400 kV Portile de Fier (Anina) – Resita.

Court deadline: 25.08.2022 - submission of expert report.

- *File no. 27001/3/2021 – claimant Romelectro (3,524)*

The object of the file is claims representing additional costs related to the increase of the minimum wage in the field of construction for the investment contract C264/2017 - Modernization of the 110 kV Bacau Sud and Roman Nord stations related to the 400 kV Moldova axis.

Court term: 09.09.2022.

- *File no. 22368/3/2021 – claimant Romelectro (2,276)*

The subject of the file is claims representing additional costs related to the increase in the minimum wage in the field of construction for the investment contract C260/2017 – Modernization of the 110 and 400(220) kV installations in the Focsani West station.

At the deadline of June 24, 2022, reject the summons as unfounded. With appeal within 10 days of communication. The appeal request is submitted to the Bucharest Court - VI Civil Section.

- *File no. 30801/3/2021 – claimant Romelectro (2,271)*

The object of the file is claims representing additional costs related to the increase of the minimum wage in the field of construction for the investment contract C145/2018 - Refurbishment of the 110 kV Medgidia Sud station.

At the meeting of 20.04.2022, the TMB solution is: "Approve the test with accounting expertise having the following objectives:

- for the expert to specify whether Romelectro fulfills the condition provided by art. 66 of GEO 114/2018, respectively if 80% of Romelectro's turnover is made from construction works, both in the year before the reference period (2018) and in the reference period (2019);
- for the expert to calculate the difference in cost generated by the increase in the salaries of the human resources effectively used by Romelectro in carrying out the work related to Contract no. C145/2018, in the reference period and in the first two months prior to it, respectively:
 - a) Specify for each employee (actually used human resource) whether his gross salary was below 3 thou./month or higher in the months of November and December 2018;
 - b) When the human resources salary was increased to 3 thou./month;
 - c) What is the difference between the previous salary and the salary imposed by GEO no. 114/2018;
 - d) If in the interval 01.11.2018 – 31.12.2018, Romelectro reduced the salaries of the human resources used;
 - e) To specify what is the real, cumulative cost difference related to the salary of the human resource used by Romelectro in the actual performance of the works that are the subject of Contract no. C145/2018, for the reference period.
- for the expert to determine, based on the analytical estimates, what is the percentage, respectively the amount by which Transelectrica must adjust the price of Contract no. C145/2018 for the work related to the works remaining to be executed on 01.01.2019, as a result of the legislative changes instituted by

GEO no. 114/2018 in the sense of increasing the minimum wage in the field of construction to the amount of 3 thou./month;

- for the expert to determine the days/months of delay recorded in the execution of works related to Works Contract no. C145/2018 as a result of the financing problems faced by Romelectro S.A. as a result of Transelectrica's refusal to pay the price at the adjusted value, respectively how the non-adjustment of the Contract price by Transelectrica influenced the execution schedule as a result of the legislative changes instituted by GEO 114/2018 in the sense of increasing the minimum wage in the field of construction to the amount of 3 thou./month.

Set a trial date for April 29, 2022, 09:00, when the parties will be summoned. At the deadline of April 29, 2022, the case is adjourned for the administration of evidence and a deadline of October 14, 2022 is granted.

- *File no. 37332/3/2021 – claimant Romelectro (4,434)*

The object of the file is claims representing claims - GEO 114/2018 for the contract of C112/2019 - Refurbishment of the 110kv station of the Portile de Fier axis - Anina-Resita-Timisoara-Sacalaz-Arad-400Kv Timisoara station.

At the deadline of June 22, 2022, the Bucharest Court accepts the non-stamping exception. Cancel the application as unstamped. With appeal within 10 days of communication.

- *File no. 8193/3/2022 – claimant Tempos Sev (2,437)*

The object of the file is claims representing claims - GEO 114/2018 for the contract of C80/2018 - Refurbishment of the 220/110kv Hasdat station.

At the deadline of June 10, 2022, the case is postponed to October 14, 2022.

- *File no. 8440/3/2022 – claimant Tempos Sev (2,437)*

The object of the file is claims representing claims - GEO 114/2018 for the contract of C80/2018 - Refurbishment of the 220/110kv Hasdat station.

Court term: 13.09.2022.

- *File no. 8440/3/2022 – claimant Tempos Sev (1,430)*

The object of the file is the execution of the administrative contract for the contract of C80/2018 – Refurbishment of the 220/110kv Hasdat station.

Court term: 16.09.2022.

- *File no. 527/1285/2021 – plaintiff ELM Electromontaj Cluj (402)*

The object of the file is claims representing claims - GEO 114/2018 for the contract of C4/6882/21.01.2019 - Modernization of the Vetis station.

Solution of the Cluj Court: Admits the request for summons filed by the plaintiff ELM ELECTROMONTAJ CLUJ S.A., contrary to the defendant NPG. "TRANSELECTRICA" S.A. Obliges the defendant to conclude with the plaintiff an additional act to the Works Contract no. C4/6882/21.01.2019, having as its object the modification of the contract price as a result of the increase of the gross minimum basic salary per country guaranteed in payment for the field of constructions, by art. 71 of the O.U.G. no. 114/2018, according to the settled works situations starting from May 2020 and until the completion of the works related to the contract. It obliges the defendant to pay, in favor of the plaintiff, the sum of 402 (excluding VAT), representing the difference between the costs of the work offered and the costs of the work executed and accepted under the Works Contract no. C4/6882/21.01.2019, related to the statements of works drawn up for the period May 2020 - May 31, 2021, as well as further, in the same way, for the payment of the differences between the costs of the work offered and the costs of the work performed and accepted until the reception at the end the works. Obliges the defendant to pay, in favor of the plaintiff, the sum of 14 thou. representing late penalties of 0.02%/day, calculated on the main debit from the due date until 31.05.2021, as well as to pay the penalties of delay calculated further until the full payment of the main debit. It obliges the defendant to pay, in favor of the plaintiff, the sum of 8 thou., representing court costs, respectively court stamp duty. With the right of appeal within 10 days from the communication, the appeal request to be submitted to the Specialized Court Cuj. Pronounced by making the solution available to the parties through the mediation of the court registry, today, October 22, 2021.

The company declared appeal.

All the values in the files that have as their object claims representing additional costs requested by the plaintiffs and that are the subject of work execution contracts, will be reflected in the value of the investments, if they will be settled in court and invoiced by the respective partners, with the exception of expenses of court and of the penalties established by the court.

Currently, there are pending disputes with the Court of Accounts of Romania, regarding controls carried out in 2013, 2017 and 2020, presented in detail in the Litigation chapter.

Taking into account the findings of the Court of Accounts recorded in the Decisions issued by it following the controls carried out in the financial statements concluded quarterly, half-yearly and annually, I specified that there may be the possibility of additional tax obligations to be paid, but which, at the present date, cannot be accurately determined under the conditions provided by the IAS 37 Standard - Provisions, contingent liabilities and contingent assets.

20. AFFILIATED PARTIES

i) *Affiliated parties – transactions with Company-owned Subsidiaries*

On 30 June 2022 and 31 December 2021 the balances of Company-held subsidiaries are detailed as follows:

Affiliated entity	Trade receivables		Trade liabilities	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
FORMENERG SA	-	-	-	-
OPCOM SA	427,264	634,764	418,723	627,502
TOTAL	427,264	634,764	418,723	627,502

Transactions made in S1 2022 and S1 2021 with its subsidiaries are detailed as follows:

Affiliated entity	Sales		Procurements	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
FORMENERG SA	-	-	-	-
OPCOM SA	2,625,286	308,658	927,034	446,961
TOTAL	2,625,286	308,658	927,034	466,961

ii) *Affiliated parties – transactions with other state-owned companies*

The Company is an entity with majority state capital and the Company's activities are regulated by ANRE. In accordance with the Concession Agreement, an annual royalty is paid, calculated as 1/1000 of the revenues from the electricity transport activity, calculated according to the quantity actually transported (until November 11, 2020), respectively 4/1000 of the amount of gross revenues achieved from electricity transport and transit operations, through the national transport systems, under the public ownership of the state (as of November 12, 2020).

iii) *Affiliated parties – companies where NPG Transelectrica holds participations*

The European power sector is undergoing transformation, emphasis being laid on the transition from the preponderantly national development of the energy sector to an integrated development model coordinated at European level, which shall provide uniform development continent-wide but will also enable tailoring national specificities and targeting the legitimate interests of European states.

In this context the Company is affiliated to the following entities:

- TSCNET
- JAO
- SEE RSC

TSCNET (TSCNET Services GmbH)

It has been established with a view to serve the Transmission System Operators (TSO) in the eastern-centralwestern region of Europe (CORE region) for the coordinated implementation of European network codes. The Centre, with the statute of Regional Security Centre - RSC, operates in accordance with the

provisions of Regulation (EU) 1485/2017 establishing a guideline regarding operation of the electricity transmission system (SO GL - System Operation Guideline), articles 76 and 77.

Affiliation is achieved by participating to the shareholders of TSCNET by means of share purchase transaction within the company.

SEGA Decision 9 of 05 June 2018 approved the Company's affiliation to the Security Coordination Centre in CORE region, TSCNET by participating to its share capital with a 470.5 thou. Euro contribution (1 share – 2.50 EUR). Thus Transelectrica is one of the 15 shareholders of TSCNET Services GmbH, holding 6.67% participation of the share capital.

Of the 15 shareholders, 14 are represented by affiliated TSO that are Centre members (and beneficiaries of its services), and the 15th shareholder is TSCNET Services GmbH itself.

The main services provided by TSCNET are:

- Elaborating Europe-wide the common grid model for CORE capacity calculation region for the CENTRAL operation region;
- Coordinated calculation of the cross-border exchange capacity in CORE region;
- Coordinated calculation of operational security applying the CSA methodology - Coordinated Security Assessment;
- Assessing the short-term adequacy of CORE region and of CENTRAL operation region;
- Coordinated operational planning of outages within CORE and the CENTRAL operation region.

Complex information platforms (applications) are being developed in order to provide such services, of which the most important is AMICA platform, currently used.

A complex transition process follows in the next years and the centre will change its statute of RSC to that of Regional Coordination Centre (RCC), in accordance with obligations included in Regulation (EU) 943/2019 regarding the internal electricity market.

Such change means considerable growth in the number of services (activities) the centre will develop (at least 13) and exponential development of operational cooperation and coordination with the other regional coordination centres of Europe (CORESO, SELENE-CC, NORDIC, and BALTIC).

JAO (Joint Allocation Office)

Beginning with 2019 auctions allocating long-term capacities have been performed in coordinated manner by JAO, which was designated Operator of the Single Allocation Platform (SAP).

Transelectrica was invited by JAO to join its shareholders.

SEGA Decision 10 of 20 August 2018 approved the Company's affiliation to the shareholders of the Joint Allocation Office (JAO) by cash subscription amounting to 259,325 Euro, being allocated 50 shares.

Participating to JAO's shareholders Transelectrica joined the great family of European TSOs in establishing common governance structures, thus the Company's and the Romanian power system's interests are directly represented in pan-European organisations.

JAO shareholders comprise 22 TSOs.

Besides its main activity of long-term allocation for cross-border capacities, JAO also developed other activities / instruments derived from European regulations, such as: short-term allocation of cross-border capacity, shadow capacity allocation for coupled markets, settlement for coupled markets, documents archiving and project management.

Thus enlarging its activity portfolio JAO got advantage because TSOs can jointly benefit of JAO's IT instruments and knowledge, therefore no more individual development by TSO of such instruments and resources for respective activities, while also providing reduced development and operation costs for such activities/instruments.

SEE RSC (Centrul de Coordonare a Rețelei de Energie Electrică din Sud-Estul Europei)

In accordance with the provisions of European electricity legislation (EU Regulations 2017/1485, 2015/1222 and ACER decisions defining Europe-wide the coordinated calculation regions of inter-zonal exchange capacity), a regional centre was established in south-eastern Europe which coordinates operational security for the operation of electric power systems.

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

By means of the Romanian - Bulgarian frontier Romania belongs to the coordinated calculation region for cross-border transfer capacities South-East Europe (SEE). In terms of such regional operational security coordination services this region will be served by the newly established entity, which is independent and will be the regional centre coordinating operational security (hereinafter called SEE RSC).

Company affiliation to the shareholders of SEE RSC became effective beginning with 22.05.2020 in accordance with its own by-laws provisionos (articles of association, HAGEA 6/2020 and HD 107/2020), by means of 50 Euro cash subscription, being allocated 50,000 shares.

Together with the transmission system operators for electricity (TSO) of Bulgaria, Greece and Italy, Transelectrica holds 1/4 capital and voting right quota, and the distribution of voting rights being equal for all associated shareholders in this entity.

Operationalisation of the regional centre includes a number of stages on several tiers, beginning with establishing the functional capacity in juridical terms by establishing an independent entity with legal personality and shareholder structure containing the TSOs of the serviced region (stage completed according to the above) and then constituting the functional capacity in operational terms by drawing human resources and developing the IT instruments for centre operations, with a view to carry out the functions entrusted by specific European legislation (partially completed stage, in progress) and establishing the formal contractual framework to be used for service provisions and their settlement.

On February 25, 2022, the Shareholders' Extraordinary General Assembly approved the Company's exit from the shareholding of the regional Centre Coordinating the Electricity Network of South-Eastern Europe - Selene CC, with full recovery of the Company's invested capital in this company up to the present (50 thou. euros).

21. FINANCIAL INSTRUMENTS

Credit risk

Credit risk is the risk that the Group incurs a financial loss as a result of the non-fulfillment of contractual obligations by a customer or a counterparty to a financial instrument. This risk primarily results from trade receivables and cash and cash equivalents.

The treatment of counterparty risk is based on the Company's internal and external success factors. The external success factors - which have an effect on the systematic risk reduction are: the decentralization of the energy sector in which production, transport, distribution and supply are distinct activities, and the interface for the customer is represented by the supplier, the trading of electricity on the Romanian market on two market segments: the regulated market and the competitive market. Internal success factors in the treatment of counterparty risk include: diversification of the customer portfolio and diversification of the number of services offered on the electricity market.

The maximum exposure to collection risk at the reporting date was:

	<u>Net value</u>	<u>Net value</u>
	30 June 2022	31 December 2021
Financial assets		
Net trade receivables	1,962,379	2,035,239
Net other receivables	760,806	828,116
VAT to recover	184,169	122,538
Cash and cash equivalents	124,586	264,656
Other financial assets	-	-
Total	<u>3,031,940</u>	<u>3,250,548</u>

The seniority of receivables at the date of drawing up the statement of financial position is presented below:

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

	Gross value 30 June 2022	Adjustment of depreciation 30 June 2022	Gross value 31 December 2021	Adjustment of depreciation 31 December 2021
Not reached to maturity	1,864,010	3,090	1,917,696	43
Due date exceeded 1 – 30 days	1,354	-	22,662	-
Due date exceeded 31 – 90 days	647	27	(322)	-
Due date exceeded 90 – 180 days	424	53	13,124	12,541
Due date exceeded 180 – 270 days	85	-	103	23
Due date exceeded 270 – 365 days	12,584	12,509	643	85
More than a year	234,340	135,388	231,891	137,867
Total	2,113,446	151,067	2,185,798	150,558

The age status of other receivables at the date of the statement of financial position is presented below:

	Gross value 30 June 2022	Adjustment of depreciation 30 June 2022	Gross value 31 December 2021	Adjustment of depreciation 31 December 2021
Not reached to maturity	911,043	-	917,479	8,469
Due date exceeded 1 – 30 days	1,977	-	208	0
Due date exceeded 31 – 90 days	1,672	-	11,542	2,108
Due date exceeded 90 – 180 days	12,290	7	1,777	484
Due date exceeded 180 – 270 days	10,942	8,395	1,205	482
Due date exceeded 270 – 365 days	1,102	-	3,864	970
More than a year	83,295	68,944	85,566	58,474
Total	1,022,321	77,346	1,021,641	70,987

The Group policy is to record impairment adjustments for loss of value in the amount of 100% for litigious, insolvent and bankrupt customers and 100% of trade receivables and other receivables not collected in a period greater than 180 days, with except for arrears generated by the support scheme. The Group also performs an individual analysis of trade receivables and other uncollected receivables.

The largest impairment adjustments on June 30, 2022, calculated for trade receivables and related penalties, were recorded for CET Govora (25,082), Eco Energy SRL (24,736), Petprod SRL (23,540), Arelco Power (14,788), Romelectro SA (14,382), Total Electric Oltenia SA (14,186), Romenergy Industry (13,513), GETICA 95 (12,541), Elsaco Energy (9,276), RAAN (8,517).

In order to recover the receivables adjusted for depreciation, the Group took the following measures: taking action in court, registering with the credit union, requesting clarifications from ANAF (for VAT to be collected from Opcom), etc.

The evolution of adjustments for the impairment of doubtful receivables is presented as follows:

	30 June 2022	31 December 2021
Opening balance 1 january	150,558	138,494
Recognition of adjustments for impairment	1,255	16,673
Reversal of adjustments for impairment	746	4,609
Balance on the end of period	151,067	150,558

The evolution of adjustments for the impairment of other uncertain receivables is presented as follows:

	30 June 2022	31 December 2021
Opening balance 1 january	70,987	60,019
Recognition of adjustments for impairment	10,781	15,335
Reversal of adjustments for impairment	4,422	4,367
Balance on the end of period	77,346	70,987

The attached notes are integrant part of these consolidated interim financial statements

The financial assets that may subject the Group to collection risk are mainly trade receivables and cash equivalents. The company has put into practice a series of policies that ensure that the sale of services is carried out to customers with an appropriate payment, by including in commercial contracts their obligation to constitute financial guarantees. The value of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk.

Cash is placed in financial institutions, which are considered to have minimal risk.

22. LATER EVENTS

Convocation of the extraordinary general meeting of shareholders

The Company's Board convened, in accordance with the provisions of Companies Law no. 31/1990, republished, with subsequent amendments and additions, of Law no. 24/2017 on issuers of financial instruments and market operations, republished, of the A.S.F. Regulation. no. 5/2018 regarding issuers of financial instruments and market operations with subsequent amendments and additions, as well as of the Company's Articles of Association in force, the extraordinary general meeting of shareholders on August 18/19, 2022, having on the agenda:

- approval of some amendments to the Articles of Association:
- ✓ Art. 20 paragraph (2), the new wording being the following: "(2) The meetings of the Supervisory Board will be convened by means of a notification sent at least 5 (five) calendar days before the date proposed for holding the meeting. The notice period will not include the day of transmission and the day on which the meeting is to take place. The notification will be sent to all members of the Supervisory Board, according to the provisions of the Articles of Association."
- ✓ Art.21 paragraph (3) letter (a), the new wording being the following: "(a) purchase of products, services and works, regardless of duration, with a value of over 2,500,000 euros;"
- ✓ Art. 21 paragraph (3) letter (b), the new wording being the following: "(b) operations with the object of providing the transport service, the system services and the administration of the wholesale electricity market, operations for the collection the contribution for high-efficiency cogeneration, operations for the payment of the bonus and the restitution of the undue overcompensation/bonus, operations for connection to the RET, for achieving the conditions of coexistence, for releasing the location and execution of these works, technical consultancy and project management, related to these works , sale-purchase operations of the lands necessary for the construction of the new installations according to the RET connection contracts, as well as of the lands necessary for the access roads to these installations, operations of establishment in favor of the National Power Grid Company Transelectrica-SA of some rights of use and servitude, of surface area, of use, of affecting the land in any way or affected by the new installations according to the RET connection contracts, as well as any other operations that will be carried out for the smooth running of the Company's main activity in accordance with the regulations in force, with a value of over 5,000,000 euros;"
- ✓ Art. 21 paragraph (3) by adding letter (g) having the following wording: "(g) changes to the organizational structure (organizational chart) of the Company and the organization and operation regulations;"
- ✓ Art. 25 letter b) and will have the following content: "approve with the consent of the Supervisory Board the organizational structure (organization chart) of the Company and the organization and operation regulations;"
- the approval of the "Power transmission grid development plan 2022-2031 - main coordinates", which contains the presentation of the necessary RET development projects and the scheduling of their realization in time and the mandate of the Company's Directorate to approve the changes to the "RET Development Plan 2022-2031" which will occur following the public consultation launched by A.N.R.E., in compliance with the main coordinates approved by the General Meeting of Shareholders.

Convocation of the ordinary general meeting of shareholders

The Company's Board convened, in accordance with the provisions of Companies Law no. 31/1990, republished, with subsequent amendments and additions, of Law no. 24/2017 on issuers of financial instruments and market operations, republished, of the A.S.F. Regulation. no. 5/2018 regarding issuers of

NPG TRANSELECTRICA SA
NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENT AS OF JUNE 30, 2022
(All amounts are presented in thousand RON, unless otherwise indicated)

financial instruments and market operations with subsequent amendments and additions, as well as of Emergency Ordinance no. 109/2011 on the corporate governance of public enterprises, with subsequent amendments and additions and of the Company's Articles of Association in force, taking into account the request of the shareholder the Romanian State represented by the General Secretariat of the Government, the ordinary general meeting of shareholders on 18/19 August 2022, having on the agenda:

- Approval of the extension of the term of office of the provisional members of the Supervisory Board of C.N.T.E.E. Transelectrica S.A. with two months from the expiry date, starting on 22.08.2022 and ending on 21.10.2022;
- Approval of the form of the additional act, to the mandate contracts, extending the term of office of the provisional members of the Supervisory Board by two months;
- Empowering the representative of the majority shareholder, the General Secretariat of the Government, to sign, on behalf of the company, the additional documents to the mandate contracts of the provisional members of the Supervisory Board of NPG Transelectrica S.A.;
- Approval of the modification of the mandate contract form approved according to Decision no. 3/18.04.2022 of the ordinary general meeting of shareholders and the corresponding modification of the mandate contracts by concluding an additional act;
- Approval of the update of the fixed allowance of the members of the Supervisory Board of the Company as being in an amount representing twice the average for the last 12 months of the average gross monthly salary for class 35 communicated by the National Institute of Statistics prior to the appointment, according to the legal provisions;
- Approval of the formulation and submission of summons requests against the former members of the Supervisory Board mentioned in the Decision of the Court of Accounts of Romania no. 15/2020.

Soliciting the majority shareholder, completing the AGOA agenda of August 18/19, 2022

On July 22, 2022, the Romanian State, the Company's majority shareholder, requested the completion of the agenda of the Ordinary General Shareholders' Meeting scheduled for August 18/19, 2022, with the following points:

- "Appointment of 7 provisional members of the Supervisory Board of C.N.T.E.E Transelectrica S.A., with a term of office of four months, starting on August 22, 2022 and ending on December 21, 2022".
- "Approval of the fixed allowance of the members of the Supervisory Board of C.N.T.E.E. Transelectrica S.A."
- "Approval of the mandate contract to be concluded with the provisional members of the Supervisory Board of C.N.T.E.E. Transelectrica S.A. and authorizing the representative of the majority shareholder, the General Secretariat of the Government, in the Ordinary General Meeting of Shareholders to sign on behalf of the Company the mandate contracts with the persons appointed as provisional members of the Supervisory Board."

The proposals of the General Secretariat of the Government for appointment as provisional members of the Supervisory Board are as follows: ATANASIU Teodor, DASCAL Catalin-Andrei, ORLANDEA Dumitru Virgil, PAUN Costin-Mihai, STERP VINGARZAN Gheorghe, VASILESCU Alexandru-Cristian, ZEZEANU Luminita.