

NPG Co. Transelectrica SA
Company managed under two-tier system

Stand-alone Simplified Interim Financial Statements
as of and for the six months' period ending on
30 June 2022

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

NPG Co. Transelectrica SA

Stand-alone simplified statement of financial position on 30 June 2022

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

	Note	30 June 2022	31 December 2021
Assets			
Non-current assets			
Tangible assets		3,839,354,673	3,814,698,495
Assets representing rights of use under a lease - buildings		25,844,778	29,820,897
Intangible assets		9,413,340	7,105,259
Financial assets		85,997,774	81,742,973
Total non-current assets	4	3,960,610,565	3,933,367,624
Current assets			
Inventories		40,942,430	39,939,697
Trade and other receivables	5	2,913,854,722	2,995,581,608
Income tax to recover		16,273,685	21,213,984
Other financial assets		-	-
Cash and cash equivalents	6	110,625,282	252,225,142
Total current assets		3,081,696,119	3,308,960,431
Total assets		7,042,306,684	7,242,328,055
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
- Share capital subscribed		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		137,926,619	137,926,619
Revaluation reserves		735,864,928	769,348,928
Other reserves		37,114,923	31,145,250
Retained earnings		1,695,355,106	1,633,807,204
Total shareholders' equities	7	3,389,135,548	3,355,101,973
Non-current liabilities			
Non-current deferred revenues	8	441,366,403	443,434,048
Borrowings	9	67,488,507	79,455,068
Other loans and assimilated liabilities – Building leasing - long term	10	18,835,657	22,751,934
Liabilities regarding deferred taxes		114,267,502	117,343,340
Liabilities regarding employees' benefits		59,960,381	59,960,381
Total non-current liabilities		701,918,450	722,944,771
Current liabilities			
Trade and other liabilities	10	2,704,991,941	3,033,542,108
Other loans and assimilated liabilities - Building leasing - short term	10	8,371,404	8,273,431
Other tax and social insurance liabilities	11	10,778,781	14,323,661
Borrowings	9	157,160,749	24,871,963
Provisions	10	38,397,779	51,688,960
Current deferred revenues	8	31,552,032	31,581,188
Payable income tax		-	-
Total current liabilities		2,951,252,686	3,164,281,311
Total liabilities		3,653,171,136	3,887,226,082
Total shareholders' equities and liabilities		7,042,306,684	7,242,328,055

Note: On 30.06.2022, an amount of 4,254,800 lei was reclassified from the position "Trade and other receivables" to the position "Financial assets".

NPG Co. Transelectrica SA

Stand-alone profit and loss account for the six months' period ended on 30 June 2022

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

	Note	01 April – 30 June 2022	01 April – 30 June 2021	01 January – 30 June 2022	01 January – 30 June 2021
Revenues					
Transmission revenues		413,757,402	289,866,670	832,549,531	612,467,434
System service revenues		117,658,268	148,142,983	251,719,761	321,352,488
Balancing market revenues		829,792,363	248,642,920	1,494,830,998	468,866,026
Other revenues		12,413,710	8,786,999	25,024,884	19,068,648
Total revenues	13	1,373,621,743	695,439,572	2,604,125,174	1,421,754,596
Operational expenses					
System operation expenses	14	(192,492,638)	(93,398,885)	(466,036,067)	(202,145,204)
Balancing market expenses	14	(837,778,618)	(243,971,043)	(1,494,865,591)	(456,125,881)
Expenses regarding technological system services	14	(109,519,263)	(148,400,596)	(230,820,478)	(291,462,034)
Amortisement		(65,471,377)	(66,209,471)	(128,120,250)	(130,171,902)
Personnel expenses	15	(71,088,719)	(64,004,284)	(131,949,888)	(112,985,386)
Repairs and maintenance		(22,661,690)	(21,534,955)	(41,009,592)	(36,907,337)
Expenses for materials and consumables		(3,438,090)	(1,616,543)	(6,026,903)	(3,145,357)
Other operational expenses	16	(47,924,603)	(28,982,846)	(69,395,755)	(65,695,237)
Total operational expenses		(1,350,374,998)	(668,118,623)	(2,568,224,524)	(1,298,638,338)
Operational profit		23,246,745	27,320,949	35,900,650	123,116,258
Financial revenues		4,872,758	1,671,192	6,556,420	3,490,064
Financial expenses		(5,496,272)	(2,140,582)	(9,272,868)	(5,340,814)
Net financial result	17	(623,514)	(469,390)	(2,716,448)	(1,850,750)
Result before income tax		22,623,231	26,851,559	33,184,202	121,265,508
Income tax	12	(2,591,209)	(4,446,538)	(5,120,300)	(16,894,561)
Result of this time period		20,032,022	22,405,021	28,063,902	104,370,947

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

NPG Co. Tranelectrica SA

Stand-alone profit and loss account for the six months' period ended on 30 June 2022

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

	<u>Note</u>	<u>01 April – 30 June 2022</u>	<u>01 April – 30 June 2021</u>	<u>01 January – 30 June 2022</u>	<u>01 January – 30 June 2021</u>
Result of this time period		20,032,022	22,405,021	28,063,902	104,370,947
Other elements of the comprehensive result		-	-	-	-
Total comprehensive result		20,032,022	22,405,021	28,063,902	104,370,947

The presented simplified interim financial statements were signed by the Company's management on **August 4, 2022**.**DIRECTORATE,**

Chairman	Member	Member	Member	Member
Gabriel ANDRONACHE	Florin-Cristian TĂTARU	Ștefăniță MUNTEANU	Cătălin-Constantin NADOLU	Bogdan TONCESCU

Director, Economic-Financial and Administrative Unit
Ana-Iuliana DINU**Manager, Accounting Departament**
Georgiana-Beatrice ȘTEFAN

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

NPG Co. Transelectrica SA

Stand-alone statement of changes in shareholders' equities on 30 June 2022

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

	Share capital	Share premium	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Total
Balance on 1 January 2021	733,031,420	49,842,552	137,832,724	841,699,025	17,441,687	1,615,652,289	3,395,499,697
Comprehensive result							
Profit of the year	-	-	-	-	-	449,891	449,891
Other comprehensive revenue, of which:							
Recognition of the actuarial profit of the defined benefit plan	-	-	-	-	-	9,222,556	9,222,556
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability related to the revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(72,350,097)	-	72,350,097	-
Total other comprehensive revenue	-	-	-	(72,350,097)	-	81,572,653	9,222,556
Total global result of the period	-	-	-	(72,350,097)	-	82,022,544	9,672,447
Other elements							
Increasing the legal reserve	-	-	93,895	-	-	(93,895)	-
Other elements – reducing the reserve in order to increase the capital	-	-	-	-	(599,411)	-	(599,411)
Totally other elements	-	-	93,895	-	(599,411)	(93,895)	(599,411)
Contributions from and distributions to shareholders							
Derecognition of immobilizations of the nature of public patrimony	-	-	-	-	-	-	-
Subsidies related to immobilization belonging to the public domain of the state	-	-	-	-	14,302,974	-	14,302,974
Dividend distribution	-	-	-	-	-	(63,773,734)	(63,773,734)
Total contributions from and distributions to shareholders	-	-	-	-	14,302,974	(63,773,734)	(49,470,760)
Balance as of December 31, 2021	733,031,420	49,842,552	137,926,619	769,348,928	31,145,250	1,633,807,204	3,355,101,973
Balance on January 1, 2022	733,031,420	49,842,552	137,926,619	769,348,928	31,145,250	1,633,807,204	3,355,101,973
Overall result of the period							
The profit of the exercise	-	-	-	-	-	28,063,902	28,063,902
Other elements of the overall result, of which:							
Actuarial gain/loss recognition related to the defined benefit plan	-	-	-	-	-	-	-
Surplus from the revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability related to the revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves to retained earnings	-	-	-	(33,484,000)	-	33,484,000	-
Total other elements of the overall result	-	-	-	(33,484,000)	-	33,484,000	-
Total global result of the period	-	-	-	(33,484,000)	-	61,547,902	28,063,902
Other elements							
Increasing the legal reserve	-	-	-	-	-	-	-
Other elements	-	-	-	-	-	-	-
Total other changes	-	-	-	-	-	-	-
Contributions from and distributions to shareholders							
Derecognition of immobilizations of the nature of public patrimony	-	-	-	-	-	-	-
Subsidies related to immobilization belonging to the public domain of the state	-	-	-	-	5,969,673	-	5,969,673
Distribution of dividends	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	5,969,673	-	5,969,673
Balance as of June 30, 2022	733,031,420	49,842,552	137,926,619	735,864,928	37,114,923	1,695,355,106	3,389,135,548

The attached notes 1-21 represent an integral part of these simplified stand-alone interim financial statements.

NPG Co. Transelectrica SA

Stand-alone statement of cash flows on 30 June 2022

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

	Six months' period ended on 30 June 2022	Six months' period ended on 30 June 2021
Cash flows from operating activity		
Profit for the period	28,063,902	104,370,947
Adjustments for:		
Income tax expense	5,120,300	16,894,561
Depreciation expenses	128,120,250	130,171,902
Expenses with adjustments for impairment of trade receivables	1,003,198	1,451,439
Reversal of trade receivables impairment adjustments	(788,665)	(1,897,514)
Losses from sundry receivables and debtors	-	35,619
Net Expenses/Income with adjustments for impairment of sundry debtors	9,954,784	(339,884)
Net Income/Expenses with adjustments for inventory depreciation	97,132	1,073,661
Net profit / loss from sale of tangible assets	48,496	368,892
Expenses net of value adjustments on tangible assets	-	299,462
Expenses/Net income on provisions for risks and expenses	(13,275,851)	(21,570,905)
Interest expense, interest income and unachieved income from exchange rate	2,852,276	2,211,894
Cash flows before changes in working capital	161,195,822	233,070,074
Changes in:		
Customers and assimilated accounts - energy and other activities	77,432,969	(96,179,492)
Customers – balancing	(29,805,140)	(84,188,217)
Customers – cogeneration	23,830,837	21,733,310
Inventories	(1,002,733)	668,334
Trade and other payables - energy and other activities	(184,584,798)	48,504,636
Debts - balancing	40,367,414	73,109,873
Debts - cogeneration	(167,260,076)	(76,187,255)
Debts paid according to ANAF imposition Decision	-	(2,140,264)
Other loans and similar liabilities - Building leasing	-	(4,382,821)
Other taxes and social security obligations	(3,544,880)	(5,620,555)
Deferred income	1,873,455	47,041,335
Cash flows from operating activity	(81,497,130)	155,428,958
Interest paid	(4,485,733)	(2,304,594)
Profit tax paid	-	(16,430,332)
Net cash generated from operating activity	(85,982,863)	136,694,032
Cash flows from investing activity		
Purchases of tangible and intangible assets	(174,665,118)	(213,747,287)
Receipts from EC grant funding	1,999,417	-
Interest received	484,563	1,429,152
Dividends received	1,534,971	21,512
Proceeds from the sale of tangible assets	156	-
Net cash used in investing activity	(170,646,011)	(212,296,623)
Cash flows used in financing activity		
Long-term loan repayments	(11,927,783)	(11,813,354)
Use of working capital credit line	132,310,662	-
Building lease payments	(5,297,041)	(5,239,457)
Dividends paid	(56,824)	(14,996)
Net cash used in financing activity	115,029,014	(17,067,807)
Net increase/(decrease) in cash and cash equivalents	(141,599,860)	(92,670,398)
Cash and cash equivalents at January 1	252,225,142	554,003,528
Cash and cash equivalents at the end of the period	110,625,282	461,333,130

Note: On 30.06.2022, the variation of the building leasing debt was classified from the position "Other loans and similar debts – Building Leasing" to the position "Commercial debts and other debts - energy and other activities".

NPG Co. Transelectrica SA

Notes to the stand-alone interim financial statements as of 30 June 2022

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

1. General information

The main business of CNTEE Transelectrica SA (“Company”) consists in: providing electricity transmission and system services, balancing market operator, administrator of the bonus type support scheme, and other related activities. They are carried out according to the provisions of operational licence 161/2000 issued by ANRE, updated under ANRE Decision 687/04.05.2022, to the General conditions associated to the licence approved by ANRE Order 104/2014, with later amendments and additions and of the Company’s final certification as transmission and system operator of the National Power System according to the ownership unbundling model as per ANRE Order 164/07.12.2015.

At present the Company’s executive group are active in the working location of Str. Olteni 2-4, Bucharest 3, which is the same as the headquarters.

The stand-alone interim financial statements elaborated on 30 June 2022 have not been audited.

2. Bases of elaboration

a) Statement of conformity

These stand-alone interim simplified financial statements have been elaborated in accordance with IAS 34 *Interim financial reporting*. They do not include all the information necessary for a complete set of financial statements in accordance with the International Financial Reporting Standards (IFRS). Nevertheless some explanatory notes have been included to explain the events and transactions significant for understanding the changes occurred in the Company’s financial position and performance since the last annual stand-alone financial statements of the date and for the financial period ended on 31 December 2021.

b) Professional reasoning and estimations

The significant reasoning that the governing team have used for the application of the Company’s accounting policies and the main uncertainty sources regarding estimations were the same with those applied to the stand-alone financial statements as of and for the financial period ended on 31 December 2021.

3. Significant accounting policies

The accounting policies applied in these stand-alone interim financial statements are the same with those applied in the Company’s stand-alone financial statements as of and for the financial year ended on 31 December 2021.

4. Tangible, intangible and financial assets

a) Tangible assets

The higher total value of tangible assets on 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 Gutinaş – Smârdan – 29,634,585;
- Refurbishing 220/110 kV Iaz substation – 17,095,607;
- Refurbishing 400/110/20 kV Smârdan substation – 12,782,573;
- Installing the 400 MVA, 400/231/22 kV AT2 and related bays in substation Iernut and upgrading the command control system of the 400/220/110/6 kV substation Iernut – 11,489,574;
- 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 – 9,726,410;
- Upgrading 220/110/20 kV Arefu substation – 7,625,568;
- Relocation of 220 kV and 400 kV electrical networks at the intersection with the Bucharest motorway ring – 7,151,153;
- 400 kV d.c. OHL Cernavodă - Stâlpu and connection in Gura Ialomiței – 7,007,529;

NPG Co. Transelectrica SA

Notes to the stand-alone interim financial statements as of 30 June 2022

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

- Converting the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad - Stage I axis to 400 kV - 400/220/110 kV Reșița substation – 6,736,975;
- Refurbishing 220/110/20 kV Ungheni substation – 4,501,727;
- Upgrading the electricity supply in the offices of UNO-DEN – 4,441,590;
- Refurbishing 220/110/20 kV Baru Mare substation – 4,273,626;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 – 4,183,006;
- Upgrading 220/110 kV Dumbrava substation – 3,811,334;
- Connecting 400 kV OHL Isaccea - Varna and OHL Isaccea - Dobrudja in 400 kV Medgidia Sud substation – 3,208,514;
- 400 kV Stâlpu substation – 3,157,054;
- Provisional works of 220 kV OHL Lacu Sărat-Filești, to ensure the conditions of execution of the relocation of utilities, by clearing the site and achieving the coexistence conditions between the “Suspended Bridge over the Danube” in the Brăila area – 2,801,300;
- The purchase and installation of 21 monitoring systems for the transformation units in the CNTEE Transelectrica SA substations – 2,086,856;
- Upgrading 400 (220)/110/20 kV Munteni substation – 1,410,679;
- Refurbishing 220/110 kV Hășdat substation – 1,246,475;
- Pilot Project – Refurbishing 220/110/20 kV Alba Iulia substation as a digital substation – 1,053,150.

In the first semester of 2022, the largest **transfers from tangible fixed assets in progress to tangible fixed assets**, in the amount of 215,733,616, 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 – 58,635,080;
- Refurbishment of the 220/110 kV Hășdat Station – 54,284,638;
- Modernization of the 220/110/20 kV Râureni Station – 25,428,593;
- 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 – 19,852,781;
- Modernization of the 110 kV and 400 (220 kV) installations in Focșani Vest Station – 8,336,456;
- Modernization of the Dumbrava 220/110 kV Station – 8,140,058;
- Modernization of the 110 kV Bacău Sud and Roman Nord stations related to the 400 kV Moldova axis - 6,904,234;
- Modernization of the 220/110/20 kV Vetuș Station - primary equipment – 6,660,292;
- Replacement of AT and Transformer in electrical stations - Stage 2, phase 2 - LOT 1 - LOT 2 – 4,983,141;
- Consolidation of servers and data storage network (private cloud) – 4,665,317;
- Modernization in order to reduce the effects of galloping on the 400 kV OHL in the Bărăgan - Fetești area. Reducing the effects of galloping on the 400 kV București Sud – Gura Ialomiței OHL and the 400 kV Cernavodă – Gura Ialomiței OHL (circuit 2) – 3,745,749;
- Relocation of high-voltage networks OHL 220 kV d.c. Lotru – Sibiu Sud, Lot 1 km 0+000 – km 13+170 – 3,280,087;
- Refurbishment of the 220/110 kV Turnu Severin Est Station – 762,311;
- Sebeș-Turda highway, Lot 1-km0+000-Km17+100 Section A-0+300km – 14+000: Section 2, km 2+400-2+600 – 545,795;
- Connecting the 110 kV Ploiești Parc Station to the RED with the completion of the works from the related OHL 110 kV Brazi West-Ploiești Nord line bay from the Brazi Vest 400/220/110/20 kV Power Station – 330,377;
- Compensation coils 100 MVAR, 400 kV for the 400 kV stations Arad, Bucharest and Bradu – 169,980;
- DRONES - 9 pieces – 166,182;
- Equipment necessary for TEL data centers - Professional air conditioning and air dehumidification units of industrial level – 117,000;
- 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 – 115,500.

NPG Co. Transelectrica SA

Notes to the stand-alone interim financial statements as of 30 June 2022

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

The balance of **tangible assets under construction** on June 30, 2022, in the amount of 823,944,552 lei, is represented by ongoing projects, the most significant being listed below:

- OHL 400 kV d.c. Cernavodă - Pillar and connection in Gura Ialomiței – 301,596,665;
- Switching to 400 kV voltage of Portile de Fier - Reșița - Timișoara - Săcălaz - Arad - Stage I - OHL 400kV s.c. Iron Gates - (Anina) – Reșița – 102.405.440;
- Connection to RET of CEE 300 MW Ivesti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new Station (400)/220/110 kV Banca – 46,884,983;
- OHL 400 kV d.c. Gutinaș – Smârdan – 37,276,868;
- Refurbishment of the 220/110 kV Iaz Station – 33,217,528;
- Modernization of Munteni 400 (220)/110/20 kV Station – 33,074,688;
- Refurbishment of the Smârdan 400/110/20 kV Station - 25,787,859;
- Modernization of Arefu 220/110/20 kV Station – 23,838,979;
- Extension of the Gura Ialomiței 400 kV Station with two bays: OHL 400 kV Cernavodă 2 and 3 - 16,993,688;
- Switching to 400 kV voltage of the Portile de Fier - Resita - Timișoara - Săcălaz - Arad - Stage I - Resita 400/220/110 kV Station – 16,023,456;
- Modernization of Dumbrava 220/110 kV Station – 14,300,851;
- Mobile bays of 110 kV, 220 kV and 400 kV – 14,296,873;
- Refurbishment of the Medgidia Sud 110 kV Station – 13,763,834;
- Extension of the 400 kV Cernavodă Station - Stage I+II, Replacement of 2 compensation coils, Connection of new lines – 12,174,582;
- Refurbishment of the Ungheni 220/110/20 kV Station – 11,569,349;
- Refurbishment of the 220/110/20 kV Baru Mare Station – 10,752,759;
- Refurbishment of the Timișoara 110 kV Station and Switching to the 400 kV tension of the Portile de Fier - Anina - Reșița - Timișoara - Săcălaz - Arad axis, stage II: Timișoara 400 kV Station - 8,900,950;
- Relocation of 220 kV and 400 kV electrical networks at the intersection with the Bucharest Ring Road – 7,151,153;
- OHL 400 kV Gădălin - Suceava, including interconnection to SEN – 6,043,182;
- HVDC Link 400 kV (Romania - Turkey submarine cable) – 5,853,759;
- Stâlpu 400 kV station – 5.421.12;
- 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 – 5,188,405;
- The purchase and installation of 21 monitoring systems for the transformation units in the CNTEE Transelectrica SA stations - 4,858,076;
- Integrated security system at electrical stations, stage IV – 4,816,604;
- Modernization of the 110 kV and 400 (220 kV) installations in Focșani Vest Station – 4,510,334;
- OHL 400 kV Suceava - Balti, for the portion of the project on the territory of Romania - 4,439,120;
- Switching to 400 kV voltage of the Portile de Fier - Reșița - Timișoara - Săcălaz - Arad axis, stage II, OHL 400 kV d.c. Resita - Timișoara - Săcălaz - 3,374,984;
- Expansion with new functionalities of the control system and computerized record of access to the objectives of CNTEE Transelectrica SA – 3,200,918;
- Connection to the RET of CEE 136 MW Platonești, Ialomița county, through the construction of a 110 kV bay Sn 400/110 kV Gura Ialomiței Power Station – 2,889,337;
- Provisional works of OHL 220kV Lacu Sărat-Filești, to ensure the conditions of execution of the relocation of utilities, by releasing the site and achieving the conditions of coexistence between the "Suspended Bridge over the Danube" in the Brăila area - 2,801,300;
- Integrated security system at electrical stations, stage III – 2,798,024;
- Deviation OHL 110 kV Cetate 1 and 2 in the vicinity of the 110/20/6 kV Ostrovul Mare Station – 2,578,438;
- Connecting CEE Dumești 99 MW and CEE Românești 30 MW, Iași County, to the RET, by building a 110 kV line bay in the FAI 220/110 kV Power Station - 2,545,853.

NPG Co. Transelectrica SA

Notes to the stand-alone interim financial statements as of 30 June 2022

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b) Intangible assets

The balance of **intangible assets under construction** on June 30, 2022, in the amount of 6,020,341 lei, is represented by ongoing projects, the most significant being listed below:

- Implementation of an Electronic Archiving and Document Management system within CNTEE Transelectrica SA – 5,474,290;
- GE license - Software module for performing capacity calculations based on energy flows – 247,400;
- MARI platform development – 298,651.

c) Financial fixed 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 4,254,800, 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 4,254,800, the financial assets also include the net value of the shares held by the Company in the amount of 81,742,973 on June 30, 2022 and 81,742,973 on December 31, 2021.

d) Fixed assets related to the rights of use of assets leased - buildings

Fixed assets related to the rights to use the assets leased - buildings represent the right to use the premises leased by the Company 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 9,000,000 euros (without VAT).

On June 30, 2022, the accounting value of the right to use the spaces rented by the Company in the Platinum office building is 25,844,778 lei.

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. 1.8 million euros.

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	2,120,654,486	2,194,153,312
Other receivables	170,400,705	189,968,790
Advances to suppliers	661,227,298	701,351,443
VAT to be recovered	183,796,705	122,134,375
Adjustments for impairment of doubtful trade receivables	(145,356,143)	(145,107,946)
Adjustments for impairment of other doubtful receivables	(76,868,329)	(66,918,366)
Total trade receivables and other receivables	<u>2,913,854,722</u>	<u>2,995,581,608</u>

The structure of trade receivables is as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Customers on the electricity market, of which:	2,118,624,045	2,182,908,347
- customers - operational activity	1,338,120,269	1,408,378,875
- customers - balancing market	596,531,985	566,726,844
- customers - bonus support scheme for the promotion of high efficiency cogeneration	183,971,791	207,802,628
Customers from other activities	2,030,441	11,244,965
Total trade receivables	<u>2,120,654,486</u>	<u>2,194,153,312</u>

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• CNTEE 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 semester of 2022, compared to the second semester of 2021, 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.

• CNTEE 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 183,971,791, 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 - 13,235,086;
- undue bonus for 2014 in the amount of 3,914,960, respectively from RAAN – 1,981,235, CET Govora – 1,933,725;
- improper bonus for 2015 in the amount of 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- improper bonus for 2020 in the amount of 522,181 from Donau Chem;
- contribution for cogeneration not collected from suppliers of electricity consumers, in the amount of 21,136,546, respectively from: Transenergo Com - 5,882,073, Petprod - 4,391,193, Romenergy Industry - 2,680,620, RAAN - 2,385,922, UGM Energy – 1,504,046, CET Govora – 900,864, KDF Energy – 887,527 and others.

Until the date of this financial report, the Company has collected the receivables related to the overcompensation of the activity regarding the support scheme for the year 2021 (amount of 22,893,841) from CET Govora (15,041,215), BEPCO (4,257,616) and Electrocentrale Bucharest (3,595,000), as well as the amount of 32,632,040 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, Electrouilaj 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 86,513,431", file in which the Company is the plaintiff, the defendant being the **Autonomous Directorate for Nuclear Activities - RAAN**.

Through the summons request filed by Transelectrica SA, it requested to oblige the defendant RAAN to pay the sum of 86,513,431.

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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 Autonomous Regia for Nucleare Activities (RAAN).

By sentence no. 387/20.03.2014, the Mehedinți Court confirmed the reorganization plan of the debtor Autonomous Regia for Nucleare Activities, 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, CNTEE 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 11,264,777 lei, in the category of claims resulting from the continuation of the debtor's activity. Of the amount requested by the Company, 89,360,986 lei, the amount of 78,096,208.76 lei 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 78,096,209 lei 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 89,360,986.06 lei and the address no. 4162/03.10.2016, by which the judicial liquidator informs us that only the amount of 11,264,777.30 lei was entered in the additional table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei 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 16,950,117.14 lei, 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 1000 lei in 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.

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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**.

- CNTEE 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 40,507,669.

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 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 28,200,440.31, of which the amount of 25,557,189.98 is related to the support scheme. We mention the fact that this claim in the amount of 21,962,243.71 lei, 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 Curtișoara 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 28,013,984.83 - 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 22,188,224.16 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 22,188,224.16 represents the receivable from CET Govora related to the support scheme (in the amount of 25,557,190), 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 3,368,966.

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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, 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 170,400,705 mainly include:

- sundry debtors (**105,457,602**), of which:
 - late payment penalties calculated for non-paying customers, in the amount of 96,786,346 (of which the amount of 35,361,754 represents penalties related to the support scheme). The largest late payment penalties were recorded by the clients: RAAN (16,901,449), Romelectro (14,373,325), CET Govora (9,606,504), Electrocentrale București (9,409,174), Eco Energy SRL (8,909. 843), Petprod SRL (8,894,655), Next Energy Partners (8,395,132), Total Electric Oltenia (3,288,967), OPCOM (2,398,658). 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 (987,555) and Enol Grup (2,541,312). 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 4,517,460.
- expenses recorded in advance in the amount of **18,086,128** represented mainly by: expenses regarding the purchase of OTC (10,249,578), international ENTSO-E contribution (1,452,368.81), annual ANRE contribution related to the year 2022 (1,880,065), taxes and charges related to the year 2022 (1,576,697), office building rent and maintenance (742,125), insurance policies (120,426) and others;
- other social claims in the amount of **3,176,497** 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 661,227,298 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) (633,662,208 – for ICP, FBMC and SDAC and 27,530,258 – 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. CNTEE 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, CNTEE 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.

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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 bids from within their own bid area and from any other bid area where cross-border capacity is available.

As a Transfer Agent, CNTEE 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 CNTEE 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, CNTEE Transelectrica SA has the role of settling the energy 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

Recoverable VAT (183,796,705) - amount related to the statements for the period March - June 2022 and October 2020. On July 1, 2022 and August 2, 2022, the Company collected from the state the amounts of 44,501,050 (related to the D300 statement for the month of March 2022), respectively 99,587,550 (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 (25,081,554), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Romelectro SA (14,382,452), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), GETICA 95 (12,540,731), Elsaco Energy (9,276,118), RAAN (8,516,707).

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 accounts at banks and deposits with initial maturities of up to 90 days, of which:	110,477,423	252,110,965
a) current accounts at banks and deposits with initial maturities of up to 90 days from the current activity	36,963,242	39,926,219
b) bank current accounts and deposits with initial maturities of up to 90 restricted days, of which:	73,514,181	212,184,746
- cash and deposits from high efficiency cogeneration	23,581,055	157,024,160

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- cash and deposits from revenues related to the allocation of interconnection capacities used for network investments	2,113,507	3,154,664
- cash from the connection fee	21,492,957	30,164,016
- European funds	24,764	287,049
- other restricted accounts (energy market guarantees and dividends)	26,301,898	21,554,857
Register	109,534	114,177
Other cash equivalents	38,325	-
Total	110,625,282	252,225,142

7. Shareholders' equity

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 CNTEE 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 CNTEE 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 (6.49%), 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 (7.33%).

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:

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

Shareholder	30 June 2022		31 December 2021	
	No. of shares	% of share capital	No. of shares	% of share capital
The Romanian State through GSG	43,020,309	58.69%	43,020,309	58.69%
Other shareholders - legal persons	16,139,600	22.02%	16,172,331	22.05%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other shareholders - natural persons	5,381,978	7.33%	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 28,063,902 realized on June 30, 2022.

8. Deferred income

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 income statement in advance** is presented as follows:

	30 June 2022	From which: the short-term part at 30.06.2022	31 December 2021	From which: the short-term part at 31.12.2021
Revenue recorded in advance – interconnection capacity allocation	8,582,565	8,582,565	7,649,266	7,649,266
Income registered in advance - European funds	2,532,919	2,532,919	2,076,417	2,076,417
Funds from the connection fee	258,914,752	14,634,683	260,879,623	14,814,156
European funds	177,524,980	5,148,775	178,667,003	6,137,909
Other subsidies	25,363,219	653,090	25,742,927	903,440
Total	472,918,435	31,552,032	475,015,236	31,581,188

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

	30 June 2022	31 December 2021
Balance at beginning of period	31,581,188	28,853,237
Interconnection capacity advance payments	48,928,732	38,428,451
Payments from European funds	633,101	1,091,813
Long-term advance income transfer	(1,418,956)	(2,913,635)
Revenues from the use of interconnection capacity	(47,995,433)	(33,452,345)
Income from European funds	(176,600)	(426,333)
Total	31,552,032	31,581,188

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

	30 June 2022	31 December 2021
Balance at beginning of period	443,434,048	352,028,637
Connection subsidies	(503,227)	3,660,512
Grant funds	(1,999,417)	(93,133,164)
Non-refundable funds to be returned	-	-
Transfer in short-term advance income	11,387,463	203,482,936
Resumption of subsidies to income	(10,952,464)	(22,604,873)
Total	441,366,403	443,434,048

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

Movements in loans in the six-month period ended 30 June 2022 are as follows:

	Currency	Interest rate	Accounting value	Maturity
Balance on January 1, 2022			103,314,496	
New withdrawals			-	
Rambursări, din care:			(11,927,783)	
BEI 25709	EUR	3.596%	(11,927,783)	10-Sep-2025
BEI 25710	EUR	3.856%+2.847%	-	11-Apr-2028
Exchange rate differences on the refund date			(51,797)	
Balance on June 30, 2022			91,334,916	

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	41,669,574	47,648,371
BEI 25710	49,665,342	55,666,125
Total long-term loans from credit institutions, of which:	91,334,916	103,314,496
Current portion of long-term loans	(23,846,409)	(23,859,428)
Total long-term loans, net of current rates	67,488,507	79,455,068

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

	30 June 2022	31 December 2021
Between 1 and 2 years	23,846,409	23,859,428
Between 2 and 5 years	42,691,060	54,168,304
Over 5 years	951,038	1,427,336
Total	67,488,507	79,455,068

The company 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
The current portion of long-term loans	23,846,409	23,859,428
Short-term bank loan	132,310,662	-
Interest on long and short term loans	1,003,678	1,012,535
Total short term loans	157,160,749	24,871,963

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• 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 million lei has the following structure:

- 175 million lei – revolving 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 million lei 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 million lei to 40 million lei.

On June 30, 2022, withdrawals were made from the credit line in the amount of 132,310,662.

10. Trade and other debts

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

	<u>30 June 2022</u>	<u>31 December 2021</u>
Energy market suppliers	1,635,253,179	1,893,042,316
Property providers	104,769,139	158,369,109
Suppliers other activities	45,480,333	38,990,780
Amounts owed to employees	8,341,168	8,675,618
Other debts	938,355,183	965,489,650
Total	<u>2,732,199,002</u>	<u>3,064,567,473</u>

On June 30, 2022 and December 31, 2021, the outstanding debts on the energy market amounting to 1,635,253,179 and 1,893,042,316, respectively, have the following structure:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Electricity market suppliers, of which:		
- suppliers - operational activity	994,314,194	1,125,210,670
- suppliers - balancing market	590,308,765	549,941,350
- Suppliers - bonus type support scheme to promote high efficiency cogeneration	50,630,220	217,890,296
Total	<u>1,635,253,179</u>	<u>1,893,042,316</u>

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The suppliers on the electricity market are mainly represented by: IBEX, MAVIR, Hidroelectrica SA, OPCOM, Electrocentrale Bucuresti SA, S Complexul energetici 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, 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 35,549,294 (RAAN – 32,180,328 and CET Govora SA – 3,368,966), 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.

CNTEE 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 40,507,669.

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

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making of payments that have reached maturity.

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 debts" is as follows:

	<u>30 June 2022</u>	<u>31 December 2021</u>
Various creditors	155,324,344	145,712,314
Customer creditors	707,799,869	751,982,307
Dividend payment	177,364	234,188
Liabilities - Short-term building leases	8,371,404	8,273,431
Liabilities - Long-term building leases	18,835,657	22,751,934
Other debts	47,846,545	36,535,476
Total	<u>938,355,183</u>	<u>965,489,650</u>

- "Sundry creditors", amounting to **155,324,344** on June 30, 2022, mainly represent:
 - the net position of the support scheme regarding high-efficiency cogeneration, debt position, in the amount of 146,948,308.

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

- 5,300,331 solution study contracts for connecting to the RET,

- 1,404,692 royalties quarter II 2022 and others.

- "Creditor customers", as of June 30, 2022, amount to **707,799,869**, of which 707,280,701 represent amounts received in advance from OPCOM (351,842,369), MAVIR (346,659,203), IBEX (8,679,746) and JAO (99,384) 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 **177,364**. These amounts are available to shareholders through the paying agent.
- On June 30, 2022, the debt for fixed assets related to the rights of use of leased assets - buildings, according to the provisions of IFRS 16 – leasing contracts, amounts to **27,207,061**, of which:
 - short-term debt: 8,371,404;
 - long-term debt: 18,835,657.
- "Other debts" in the amount of 47,846,545 are mainly represented by guarantees of good payment of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 27,532,889, VAT not due in the reporting period in the amount of 19,957,115 and others.

Provisions

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 litigation	20,474,378	31,199,387
Provisions for mandate contracts	17,918,862	20,478,148
Other provisions	4,539	11,425
TOTAL	<u>38,397,779</u>	<u>51,688,960</u>

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Provisions for outstanding litigation on 30.06.2022, in the amount of 20,474,378, are mainly represented by the provisions set up for the following litigations:

- *File 36755/3/2018 – plaintiff Conaid Company SRL (17,216,093) – more details regarding this file are presented in Note 18 – Litigation and contingencies.*
- *File no. 3083/3/2020 - plaintiff NUCLEARELECTRICA SA (1,472,785)*

On 26.06.2020, Nuclearelectrica sued the Company for payment of the amount of 1,290,533.156 lei representing negative imbalance and 182,251.94 lei, 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 1,290,533,156 lei, 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 182,251.94 lei 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 23,441.66 lei, 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 no. 2698/2020 22.12.2020).

CNTEE 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 20,591.66 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 17,918,862, 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 4,539 represent unused vacations.

11. Other taxes and social security obligations

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

	30 June 2022	31 December 2021
Contribution to social insurance funds	7,927,742	10,987,591
Payroll tax	1,609,036	1,966,512
Other payment taxes	1,242,003	1,369,558
Total	10,778,781	14,323,661

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.

12. Income tax

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

The income tax expense for the second quarter of 2022 and the first second of 2021, as well as the income tax expense on June 30, 2022 and June 30, 2021 is presented as follows:

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	QII 2022	QII 2021	30 June 2022	30 December 2021
Current income tax	4,939,256	5,630,705	8,196,138	19,546,318
Deferred income tax	(2,348,047)	(1,184,167)	(3,075,838)	(2,651,757)
Total	2,591,209	4,446,538	5,120,300	16,894,561

13. Operating income**Quarter II 2022 compared to Quarter II 2021**

Operating revenues include revenues from the Company's provision, 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 second quarter of 2022 and the second quarter of 2021, are presented as follows:

	Transmission service average tariff	System service tariff
Order no. 33/23.03.2022 for 01 April – 30 June 2022	28.10	9.32
Order no. 10/24.02.2021 for 01 April – 30 June 2021	20.55	10.82

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

The zonal tariffs related to the transport service for the introduction of electricity into the network (T_G) and for the extraction of electricity from the network (T_L) 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:

	QII 2022	QII 2021
The volume of electricity delivered to consumers (MWh)	12,557,949	13,353,008

The operating revenues achieved in the second quarter of 2022 and the second quarter of 2021 are presented as follows:

	QII 2022	QII 2021
Transmission service revenue	351,149,130	273,839,322
Revenues from the allocation of interconnection capacity	56,989,891	10,400,953
Reactive energy revenue	177,690	166,730
Revenue from Inter TSO Compensation (ITC)	23,935	580,068
Income from OTC transactions	5,416,756	4,879,597
Transmission service revenue – total	413,757,402	289,866,670
Revenue from technology system services	117,621,278	145,031,764
Income from unplanned exchanges on DAM	-	3,111,219
Income from unintended/intended exchanges-FSKAR-	36,990	-
Revenue from system services - total	117,658,268	148,142,983
Income from the balancing market	829,792,363	248,642,920
Other incomes	12,413,710	8,786,999
Total revenue	1,373,621,743	695,439,572

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Transmission service revenues

The revenues from the transport service registered an increase in the second quarter of 2022 compared to the second quarter of 2021 with the amount of 77,309,808, 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 5.95%, respectively by 795,059 MWh.

Revenues from the allocation of interconnection capacity

Revenues from the allocation of interconnection capacity registered an increase in the II quarter of 2022 compared to the II quarter of 2021, in the amount of 46,588,938, corresponding to the level of utilization of the availability of the 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.

Revenue from Inter TSO Compensation (ITC)

ITC revenues were lower in the second quarter of 2022 compared to the second quarter of 2021 with the amount of 556,133. These revenues come from scheduled electricity exchanges with Ukraine. The reduction in the second quarter of 2022 is caused by the international political situation that led to a drastic decrease in scheduled energy exchanges with Ukraine.

Income from OTC transactions

The revenues from energy trading for OTC were obtained, mainly, from the sale of surplus energy on the Intraday Market administered by OPCOM and on the Balancing Market. These revenues were higher in the second quarter of 2022 compared to the second quarter of 2021 with the amount of 537,159, being influenced by the increase in prices on the electricity market.

Revenue from technological system services

The revenues from technological system services registered a decrease in the II quarter of 2022 compared to the II quarter of 2021 with the amount of 27,410,486, 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 5.95%, respectively by 795,059 MWh.

Income on the balancing market

The revenues realized on the balancing market registered an increase in the second quarter of 2022 compared to the second quarter of 2021, with the amount of 581,149,443, 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 CNTEE 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

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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 the 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.

Semestrul I 2022 comparativ cu semestrul I 2021

The tariffs approved by ANRE for the services provided on the electricity market, related to the first semester of 2022 and the first semester of 2021, are presented as follows:

	Transmission system average tariff	System service tariff
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 volume of electricity delivered to consumers in the first semester of 2022, respectively the first semester of 2021 is presented as follows:

	HI 2022	HI 2021
The volume of electricity delivered to consumers (MWh)	26,903,264	28,278,060

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

	HI 2022	HI 2021
Transmission service revenue	693,802,560	579,462,053
Revenues from the allocation of interconnection capacity	126,580,406	20,789,874
Reactive energy revenue	732,376	287,982
Revenue from Inter TSO Compensation (ITC)	235,183	907,759
Income from OTC transactions	11,199,006	11,019,766
Transmission service revenue – total	832,549,531	612,467,434
Revenue from technology system services	251,675,239	318,166,951
Income from unplanned exchanges on DAM	-	3,185,537
Income from unintended/intended exchanges-FSKAR-Ukraine	44,522	-
Revenue from system services - total	251,719,761	321,352,488
Income on the balancing market	1,494,830,998	468,866,026
Other incomes	25,024,884	19,068,648
Total revenue	2,604,125,174	1,421,754,596

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 114,340,507, 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 105,790,532, 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.

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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 672,576, 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 179,240. 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 66,491,712, 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 1,025,964,972, 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 CNTEE 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.

14. Expenses for operating the system and from the balancing market

QII 2022 compared to QII 2021

The expenses incurred in the second quarter of 2022 compared to the second quarter of 2021 are presented as follows:

	QII 2022	QII 2021
Expenditures regarding own technological consumption	178,819,947	82,587,513
Congestion costs	63,788	-
Expenditures regarding electricity consumption in RET stations	8,844,354	4,234,775
Expenses regarding functional system services	30,721	2,551,926
Inter TSO Compensation (ITC) expenses	4,733,828	4,024,671
Total operating expenses	192,492,638	93,398,885
Expenses regarding technological system services	109,519,263	148,400,596
Expenses regarding the balancing market	837,778,618	243,971,043
Total	1,139,790,519	485,770,524

Expenditures regarding own technological consumption

These represent expenses for the purchase of electricity from the free energy market to cover own technological consumption (OTC) in the RET and were higher in the second quarter of 2022 compared to the second quarter of 2021 with the amount of 96,232,434, 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 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 average price of energy purchased from DAM was higher in the second quarter of 2022 compared to the similar period of 2021;
- 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.

Congestion expenses

Congestions (network restrictions) are requests to transmit electricity beyond the technical capacity limits of the network, requiring corrective actions from the transmission system operator and occur when, during operation programming or real-time operation, the flow of power between two system nodes or areas leads to non-compliance with the safety parameters in the operation of an electric power system.

In the second quarter of 2022, congestion expenses were recorded in the amount of 63,788, mainly determined by:

- the congestion recorded in March 2022 and reflected in the accounting records in April 2022 were 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

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(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 Ialomitei 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 Șânțareni – Bradu, OHL 400 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

In order to carry out the activity of transporting electric energy in the electric stations and to operate the National Electroenergetic System in safe conditions, CNTEE Transelectrica SA must purchase electric energy to cover the consumption related to internal services from the high-voltage electric stations under the Company's administration.

These expenses registered an increase of 4,609,579 in the second quarter of 2022 compared to the second quarter of 2021, an increase due to the increase in electricity purchase prices, as well as the applicable legislative changes starting on 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 second quarter of 2022, these expenses were higher by 709,157 compared to the similar period of the previous year.

Expenses regarding technological 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 second quarter 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.

Spending on technology system services decreased in the second quarter of 2022 compared to the second quarter of 2021, in the amount of 38,881,333. In the second quarter of 2022, a high level of concentration of the system technology services market was manifested for the secondary backup (RS) system technology services.

Expenses regarding the balancing market

The expenses regarding the balancing market made in the second quarter of 2022, in the amount of 837,778,618, were higher by 593,807,575 compared to those made in the second quarter of 2021. These expenses result from the notifications/achievements of the participants on this market.

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*(All amounts are expressed in LEI, unless otherwise provided)***QI 2022 compared to QI 2021**

The expenses incurred in the first semester of 2022 compared to the first semester of 2021 are presented as follows:

	QI 2022	QI 2021
Expenditures regarding own technological consumption	434,186,437	176,031,986
Congestion costs	220,843	177
Expenditures regarding electricity consumption in RET stations	20,627,737	10,252,463
Expenses regarding functional system services	30,721	6,456,982
Inter TSO Compensation (ITC) expenses	10,970,329	9,403,596
Total operating expenses	466,036,067	202,145,204
Expenses regarding technology system services	230,820,478	291,462,034
Expenses regarding the balancing market	1,494,865,591	456,125,881
Total	2,191,722,136	949,733,119

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 258,154,451 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 was 1,042.05 lei, 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.

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Congestion expenses

In the first semester of 2022, congestion expenses were recorded in the amount of 220,843, 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 Șânțareni – Bradu, OHL 400 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 10,375,274 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 1,566,733 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.

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 60,641,556. 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;

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- 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 CNTEE Transelectrica SA.

Expenses regarding the balancing market

The expenses regarding the balancing market made in the first semester of 2022, in the amount of 1,494,865,591, were higher by 1,038,739,710 compared to those made in the first semester of 2021. These expenses result from the notifications/achievements of the participants on this market.

15. Personnel expenses

	QII 2022	QII 2021
Staff salary expenses	58,939,597	53,274,357
Social expenditure	3,109,779	3,616,776
Expenses with vouchers granted to employees	4,099,290	2,024,800
Expenses regarding the participation of employees in the profit obtained in the previous year	-	3,825,122
Expenses related to the mandate contract and other committees	992,451	1,012,439
Insurance and social protection expenses	4,417,946	3,814,605
Provisions set up for salary and similar expenses	(514,229)	(3,910,703)
Other expenses	43,885	346,888
Total	71,088,719	64,004,284

	HI 2022	HI 2021
Staff salary expenses	113,373,422	102,415,523
Social expenditure	3,653,798	4,041,244
Expenses with vouchers granted to employees	6,353,290	4,291,780
Expenses regarding the participation of employees in the profit obtained in the previous year	-	3,825,122
Expenses related to the mandate contract and other committees	1,972,134	2,037,566
Insurance and social protection expenses	9,067,930	9,078,925
Provisions set up for salary and similar expenses	(2,566,172)	(13,207,042)
Other expenses	95,486	502,268
Total	131,949,888	112,985,386

The total personnel expenses made in the second quarter and the first semester of 2022 show an increase compared to the similar 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.

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16. Other operating expenses

	Quarter II 2022	Quarter II 2021
Other expenses with services performed by third parties	21,793,563	19,420,348
Postal expenses and telecommunications fees	128,070	171,920
Expenses with royalties and rents	1,497,756	1,216,113
Operating expenses (net) regarding adjustments for the depreciation of current assets	9,694,421	242,351
Other expenses, of which:	14,810,793	7,932,114
- expenses (net) regarding provisions for other operating expenses	(2,224)	(1,764,269)
- expenses regarding OAVTs cf. court decision	2,438,986	-
- expenses related to taxes and fees (ANRE tax, natural monopoly tax, other taxes and local taxes)	4,579,979	4,804,615
- expenses regarding energy purchased for administrative consumption	1,111,634	153,966
- expenses with fines and penalties	1,002,543	13
- other operating expenses	5,679,875	4,737,789
Total	47,924,603	28,982,846

In the second quarter of 2022, these expenses registered an increase in the amount of 18,941,757 compared to the second quarter of 2021, mainly determined by:

- the increase in operating expenses (net) regarding to some adjustments for the depreciation of receivables 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.;

- registration of expenses for OAVTs paid on the basis of enforceable judgments issued by the court (performance bonus related to OAVT Certificates granted to former executive and non-executive and unutilized members, remuneration according to mandate contracts concluded in the period 2013 – 2017);

- the increase of some elements of expenses, such as: expenses regarding energy purchased for administrative consumption, expenses with fines and penalties from existing litigations, etc.

	Semester I 2022	Semester I 2021
Other expenses with services performed by third parties	38,785,481	35,245,394
Postal expenses and telecommunications fees	221,739	353,514
Expenses with royalties and rents	2,961,834	2,651,384
Operating expenses (net) regarding adjustments for the depreciation of current assets	10,266,449	287,702
Other expenses, of which:	17,160,252	27,157,243
- expenses (net) regarding provisions for other operating expenses	(10,709,678)	(8,064,401)
- expenses regarding OAVTs cf. court decision	4,226,609	9,419,836
- expenses related to taxes and fees (ANRE tax, natural monopoly tax, other taxes and local taxes)	9,390,167	12,352,910
- expenses regarding energy purchased for administrative consumption	2,417,658	295,628
- expenses with fines and penalties	1,319,174	2,849,806
- other operating expenses	10,516,322	10,303,464
Total	69,395,755	65,695,237

In the first semester of 2022, these expenses registered an increase in the amount of 3,700,518 compared to the first semester of 2021, mainly determined by the variation of the following elements of expenses:

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- the increase in operating expenses (net) regarding to some adjustments for the depreciation of receivables 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.;
- the increase of some elements of expenses, such as: expenses regarding energy purchased for administrative consumption, other expenses with services performed by third parties etc.;
- the reduction of some elements of expenses, such as: the expenses for the OAVTs paid on the basis of the enforceable judgments issued by the court (the performance bonus related to the OAVT Certificates granted to former executive and non-executive members and not capitalized, remuneration according to the mandate contracts concluded during 2013 – 2017), expenses regarding taxes and fees, expenses with fines and penalties from existing disputes etc.;
- the resumption of some provisions set up for litigation as income.

17. Net financial result

	Quarter II 2022	Quarter II 2021
Interest income	238,058	734,905
Income from exchange rate differences	1,814,429	913,450
Other financial income	2,820,271	22,837
Total financial income	4,872,758	1,671,192
Interest charges	(3,249,085)	(1,057,972)
Expenses from exchange rate differences	(2,247,187)	(1,082,610)
Total financial expenses	(5,496,272)	(2,140,582)
The net financial result	(623,514)	(469,390)

	Semester I 2022	Semester I 2021
Interest income	482,792	1,363,786
Income from exchange rate differences	3,226,712	2,079,076
other incomes	2,846,916	47,202
Total financial income	6,556,420	3,490,064
Interest charges	(4,921,836)	(2,189,257)
Expenses from exchange rate differences	(4,351,032)	(3,151,557)
Total financial expenses	(9,272,868)	(5,340,814)
The net financial result	(2,716,448)	(1,850,750)

On June 30, 2022, the Company recorded a net financial result (loss) in the amount of 2,716,448, higher by 865,698 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 Company has contracted bank loans for the financing of investment programs.

On June 30, 2022, in the total amount of 4,921,836 (interest expenses), the amount of 564,515 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 1,282,950 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	30.06.2022	30.06.2021
Lei / Euro	4.9454	4.9267
Lei / US dollar	4.7424	4.1425

18. Disputes and Contingencies

i) Litigation in progress

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

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

• AUTONOMOUS REGIA FOR NUCLEAR ACTIVITIES (RAAN)

On the role of the Mehedinți Court – Second Civil Section, of Administrative and Fiscal Litigation, file no. 3616/101/2014, having as its object "claims in the amount of 1,090,831.70 lei, against invoice no. 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 Mehedinți Court ordered the admission of the request made by the Plaintiff RAAN and obliging the Company to pay the amount of 1,090,831.70 lei, 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 Mehedinți 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 1,090,831.70 lei. The sentence was appealed. The court date was set for 13.12.2018.

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 3,496,914 lei, withheld from payment by the Company on account of unpaid receivables. The amount of 3,496,914 lei 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 89,360,986 lei.

Transelectrica SA was entered in the RAAN debtor's table with the amount of 11,264,777 lei, 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 89,360,986 lei. The amount of 78,096,209 lei 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 78,096,209 lei 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 Mehedinți 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 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). 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 Mehedinți 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 16,950,117.14 lei, 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 1,000 lei 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

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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 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.

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.

• 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 lei 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.

Deadline: 28.10.2021, Solution details: CHANGED DEADLINE.

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

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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 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 CNTEE 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 CNTEE 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.

The appeal filed by the Company is being resolved by the Bucharest Court of Appeal.

On 02.04.2021, the Company filed an appeal regarding the annulment of the administrative act, file registered at the Bucharest Court of Appeal under no. 2153/2/2021. At the deadline of 10.12.2021, the CAB rejects the summons filed by the plaintiff CNTEE "Transelectrica" SA in opposition to the defendant Court of Auditors of Romaniei, 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. Pronounced today, 10.12.2021, by making the solution available to the parties through the mediation of the court registry.

• ANRE

CNTEE 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

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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 27.03.2018, the expert's fee charged to the plaintiff was paid and it will be ordered to return with an address to the expert to carry out and file the approved expert report.

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 and a new trial date is ordered.

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.

On 16.11.2020, the case is postponed. The solution in short: Pursuant to art. 230 of the Civil Code, ex officio changes the trial term granted on 17.11.2020 to 11.01.2021. Order the summoning of the parties with a copy of the term change agreement. With right of appeal together with the fund.

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. Pronounced today, 11.01.2021, by making the solution available to the parties through the mediation of the court registry.

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

• 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 CNTEE Transelectrica SA requested the court that, by the judgment it will pronounce, order:

- obliging the defendant OPCOM SA to pay the amount of 4,517,460 lei, 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 CNTEE 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 1,293,778.27 lei 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

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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). With recourse throughout the suspension period. Pronounced by making the solution available to the parties through the mediation of the court registry, today, 17.07.2020. Document: Conclusion - Suspension 17.07.2020.

After the final settlement of file no. 31001/3/2017, CNTEE 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. With the right of appeal within 30 days from the communication, which is filed at the Bucharest Court, Civil Section VI. Pronounced by making the solution available to the parties through the mediation of the court registry, today, 03.12.2021. 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 CNTEE 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 CNTEE Transelectrica SA from IBRD, based on loan agreement no. . 7181RO/17.07.2003, as well as from CNTEE 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 CNTEE 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 CNTEE 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 17,419. 508 lei and unrealized profits for the period 2013-2033 in the amount of EUR 722,756,000. 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 Compania Națională de Transport a Energiei Electrice 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 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.

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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 17,216,093.43 lei, consisting of the damage actually suffered and the unrealized benefit, provisionally estimated at 100,000 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.

• ROMANERGY 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 16,112,165.18 lei, 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.

At the deadline of 27.01.2020, a verification deadline of 11.05.2020 is set, for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

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 05.10.2020. The solution in short: a deadline of 18.01.2021 was set for the continuation of the bankruptcy procedure, through the capitalization of the assets owned by the debtor.

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 27.09.2021, a deadline of 31.01.2022 was set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

At the deadline of 31.01.2022, a deadline of 16.05.2022 is set for the continuation of the bankruptcy procedure, through the capitalization of assets and the recovery of debts.

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.

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• RESITA MUNICIPALITY

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

- 2,129,765.86 lei, representing the rent for the temporarily occupied land area from the forestry fund related to 2015;
- 2,129,765.86 lei, representing land rent related to 2016;
- 2,129,765.86 lei, representing land rent related to 2018;
- 2,129,765.86 lei, representing land rent related to 2019;
- 2,129,765.86 lei, 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 Caraș-Severin Tribunal. It declines the competence to resolve the request made by the plaintiff Reșița Municipality - through the mayor, contrary to the defendant Compania Nationala de Transport a Energiei Electrice "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 Caraș-Severin Court. It states that there is a negative conflict of jurisdiction between the Bucharest Court and the Caraș-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. The ruling will be made by making the solution available to the parties through the mediation of the court registry. 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 Caraș Severin Court – Civil Section I.

At the term of 16.11.2020, the court adjourned the case and granted time to study the documents submitted to the case file at this term of court by the representative of CNTEE Transelectrica SA, setting a new court term for 22.03.2021.

At the term of 22.03.2021, the short solution is: Suspend the trial of the summons request filed by the plaintiff Reșița Municipality, through the Mayor, in opposition to the defendant Compania Națională de Transport al Energiei Electrice "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 99,013,399 lei, ANAF – DGAMC established additional fiscal payment obligations by the Company, in the amount of 35,105,092 lei, as well as additional fiscal obligations (interest/ late payment increases and delay penalties), in the amount of 63,908,307 lei.

Mainly, the Fiscal Inspection Report of ANAF recorded the following additional payment obligations: profit tax in the amount of 13,726,800 lei, 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.

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.

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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 CNTEE 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. Pronounced in public session - 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. Court term: 12.05.2020.

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 18,522,280 lei, VAT in the amount of 5,694,636 lei and the related fiscal accessories, in the amount of 48,436,653 lei, 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 27,001,727 lei, 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 343,629.91 lei, 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 230,685,491 lei, 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 46,417.1 lei, related to the amount of 343,629.91 lei, 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 37,693.88 related to the amount of 230,685.49 lei, representing expenses with products of the promotional and protocol nature and the obligation to pay the main and accessory fiscal claims in 1 match with this amount - remove the mention regarding the obligation of the Sibiu Transport Branch within CNTEE Transelectrica S.A to register the amount of 576,846.80 lei 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 576,846.80 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 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 13,141 lei" (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

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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 4,000 lei, 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.

On 12.04.2022, the Bucharest Court of Appeal adjourned the case to 10.05.2022, in order to give the plaintiff the opportunity to learn about the content of the response.

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 CNTEE Transelectrica SA to repair the damage caused to the subscription in the amount of 6,125,822.13 lei 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 and the Isaccea-Dobrujda 400kV OHL in the Medgidia Sud 400kV station Stage II-OHL 400kV d.c. Medgidia Sud Station connections".

Court term: 09.05.2022 – no expert report.

At the court date of 23.05.2022, the solution in short: Rejects the request for recusal of expert Ms. Pavel Violeta, formulated by the defendant, as unfounded. With appeal along with the fund. Pronounced by making the solution available to the parties through the mediation of the court registry today, 23.05.2022.

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.

• OTHERS

The company is involved in significant litigation, especially for the recovery of receivables (e.g.: Next Energy Partners, Petprod SRL, Total Electric Oltenia SA, Regia Autonomă de Activității Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iasi , CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Menarom PEC SA Galati and others).

The Company recorded allowances for impairment losses on customer and other receivables in dispute and for customers in bankruptcy.

At the same time, the Company is also involved in litigation with former members of the Directorate and the Supervisory Board, regarding the mandate contracts concluded between the Company and them. For these disputes, the Company has created a provision.

ii) Contingencies

On June 30, 2022, contingent liabilities amount to 36,303,031. 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 ENERCOMONTAJ SA (7,092,389)*

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.

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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 3,000 lei/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 3,000 lei/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 (10,000,000)*

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 (3,523,710)*

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 Bacău Sud and Roman Nord stations related to the 400 kV Moldova axis.

Court term: **09.09.2022**.

• *File no. 22368/3/2021 – claimant Romelectro (2,275,653)*

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 Focșani 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 (2,271,075)*

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 3000 lei/month or higher in the months of November and December 2018;

b) When the human resources salary was increased to 3000 lei/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 3000 lei/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 3000 lei/month.

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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 (4,433,591)*

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-Reșita-Tișișoara-Săcălaz-Arad- 400Kv Tișișoara 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 (2,437,253)*

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

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

• *File no. 8440/3/2022 – claimant Tempos Sev (2,437,253)*

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

Court term: **13.09.2022**.

• *File no. 8440/3/2022 – claimant Tempos Sev (1,429,832)*

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

Court term: **16.09.2022**.

• *File no. 527/1285/2021 – plaintiff ELM Electromontaj Cluj (402,274)*

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

Solution of the Cluj Court: Admits the request for summons filed by the plaintiff ELM ELECTROMONTAJ CLUJ S.A., contrary to the defendant C.N.T.E.E. "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 402,273.61 lei (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 13,666.70 lei 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 8,436.06 lei, 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.

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*(All amounts are expressed in LEI, unless otherwise provided)***19. Related Parties***i) Transactions with subsidiaries owned by the Company*

Entity	Country	30th june 2022	31st december 2021
		% from actions	% from actions
SMART SA *)	România	100	100
TELETRANS SA	România	100	100
ICEMENERG SA **)	România	-	-
OPCOM SA	România	97,84	97,84
FORMENERG SA	România	100	100
ICEMENERG SERVICE SA ***)	România	100	100

The net value of the shares held by the Company in its subsidiaries is 78,038,750 on June 30, 2022 and 78,038,750 on December 31, 2021.

The gross value of the Company's holdings in its subsidiaries is presented as follows:

SMART SA

The company SMART SA with registered office in B-dul Magheru, no. 33, sector 1, Bucharest and with its headquarters at the work point in B-dul Gheorghe Șincai, no. 3, "Formenerg" building, et. 1, sector 4, Bucharest, whose main object of activity is the performance of maintenance works for the transport-dispatcher system, was established by HG no. 710/19.07.2001 on November 1, 2001.

The Extraordinary General Meeting of S Smart SA Shareholders approved with Resolution no. 14/10.12.2014 capital increase of S Smart SA by contribution in kind with the value of the lands for which a certificate of attestation of the ownership right was obtained.

On 30.12.2014, the Trade Registry Office attached to the Bucharest Court resolved the request for registration of the increase in the share capital of S Smart SA.

Starting with the date of 25.01.2016, the amendment regarding the shareholding structure of S Smart SA, namely the mention regarding the administration of the state portfolio, was made at the National Office of the Trade Register, an imposed amendment, according to art. 10 of GEO no. 86/2014, amended and updated.

Thus, on June 30, 2022, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having the value of 10 lei, subscribed and paid in full by the Company.

On June 30, 2022, the shareholding structure of S Smart SA is as follows:

CNTEE Transelectrica SA - number of shares: 3,852,860

- profit and loss participation rate: 100%

TELETRANS SA

The company TELETRANS SA with its 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 has as its main object of activity IT process and managerial maintenance services, specific telecommunications and information technology services in RET, telephony, data transmissions and was established by AGM Resolution no. 3/2002.

The share capital on June 30, 2022 is 6,874,430, fully subscribed and paid.

ICEMENERG SA

The Subsidiary Society of the Energy Research and Modernization Institute – ICEMENERG SA with registered office in B-dul Energeticienilor, no. 8, sector 3, Bucharest has as its main object of activity research and development in physical and natural sciences, innovation, studies, development strategies, design activities, urban planning, engineering and other technical services and was established by HG no. 1065/04.09.2003.

In the Company's accounting records, on June 30, 2022, the share capital of the Icemenerg SA Branch is 1,083,450, fully subscribed and paid.

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

***) On 04.07.2014, the file with registration number 121452/04.03.2014 was admitted by the National Office of the Trade Registry, having as its object the deletion of the Institutul de Recetari si Modernizari Energetice – ICEMENERG SA Bucharest Branch. By Order no. 123/13.03.2014 (deed of registration and authorization of the official), was registered at the Trade Registry "National Research and Development Institute for Energy Bucharest" (HGR no. 925/2010). The company filed a complaint against the resolution of the ORC director ordering the registration in the trade register of the deletion of the ICEMENERG SA Bucharest Branch.

Bucharest Court, VI Civil Section, by Sentence no. 3569/14.07.2014 pronounced in file no. 15483/3/2014, in which the Company was in conflict with the defendants Institutul de Cercetări si Modernizări Energetice "Icemenerg" S.A. Branch. Bucharest and the National Research and Development Institute for Energy-Icemenerg Bucharest, rejected the Company's complaint, motivated by the fact that HG no. 925/2010 was not repealed until the time of deletion at the ORC. The Court of Appeal communicated on 24.02.2015 the solution pronounced in file no. 15483/3/2014 namely Decision no. 173/2015, by which it rejected the appeal of CNTEE Transelectrica SA as unfounded, the decision being final.

Against Decision no. 173/2015, pronounced by the Bucharest Court of Appeal, Transelectrica SA filed an appeal for annulment, which is the subject of file no. 1088/2/2015, pending at the Bucharest Court of Appeal - Civil Section VI, with a trial date of 13.05.2015. On 13.05.2015, by Decision no. 777/2015, the Bucharest Court of Appeal rejected the annulment appeal as unfounded, the decision being final.

In the meetings of 28.03.2016 and 30.08.2016, AGEA did not approve the reduction of the share capital of CNTEE Transelectrica SA with the amount of 1,084,610, representing the subscribed and paid-up share capital of the ICEMENERG SA Bucharest Branch, by reducing the Romanian State's share in the capital company of CNTEE Transelectrica SA, in application of the provisions of GD no. 925/2010.

In 2015, the company recorded a depreciation adjustment in the amount of 1,083,450 for the shares held at the Branch of the Institutul de Cercetări si Modernizări Energetice – ICEMENERG SA Bucharest which was written off.

OPCOM SA

The company OPCOM SA with headquarters in Bdul Hristo Botev no. 16-18, sector 3, Bucharest, with legal personality, its main object of activity is the organization, administration and supervision of the energy market and was established by HG no. 627/2000.

On June 30, 2022, the share capital is 31,366,090, of which 8,778,790 represents subscribed and fully paid share capital. The difference in share capital in the amount of 22,587,300 is represented by the Company's in-kind contribution, respectively by intangible assets - "OPCOM Commercial Electricity Exchange" and "OPCOM Regional Electricity Exchange", financed from the Company's own sources and from IBRD funds and evaluated according to Evaluation Report no. 786/15.03.2016 issued by JPA Audit & Consultancy SRL.

Registration of the amendment to the constitutive act of S OPCOM SA, based on AGEA Decision no. 6/15.06.2016, was carried out at ONRC according to the Certificate of Registration of Mentions dated 11.07.2016.

On 31.12.2018, the share capital represented by the increase with the in-kind contribution of the Company in the amount of 22,587,300 is recorded in the financial statements subject to the approval of the AGM by OPCOM, being presented as fully subscribed and unpaid share capital.

On 13.02.2018, the Extraordinary General Assembly of the OPCOM SA Branch approved the increase of the share capital of the Company Operatorul Pieții de Energie Electrică și de Gaze Naturale OPCOM SA ("OPCOM SA") with the amount of 678,790 lei through a contribution in kind represented by the value the land for which the company obtained the Certificate of Attestation of the right of ownership over the land series M03 no. 12899/27.02.2014, issued by the Ministry of Economy. The contribution in kind was assessed by an expert assessor appointed by ONRC. In exchange for the in-kind contribution to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised from the date of the AGEA decision the duties of an involved person, a number of 67,879 new registered shares with a nominal value of 10 lei each.

On 20.03.2019, the National Trade Registry Office attached to the Bucharest Court resolved the request for registration of the share capital increase of OPCOM SA.

On June 30, 2022, the share capital of OPCOM SA is 31,366,090 lei, representing a number of 3,136,609 registered shares with a share value of 10 lei and a participation share of CNTEE Transelectrica SA in profits and losses of 97.84%.

FORMENERG SA

FORMENERG SA company with headquarters in B-dul Gh. Șincai, no. 3, sector 4, Bucharest, with legal personality, has as its main object of activity the initial and continuous professional training in all fields of activity of energy personnel, as well as of other beneficiaries, and was established by AGM Decision no. 33/2001. The share capital on June 30, 2022 is 1,948,420, fully subscribed and paid.

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

The company ICEMENERG SERVICE SA with headquarters in the city of Bucharest, Bd. Energeticienilor, no. 8, sector 3 has as its object of activity the design, production, implementation, repair, modernization and commercialization in the country and abroad of devices, equipment, specialized installations.

By HG no. 2294/09.12.2004, the transfer of the shareholding held by the Branch "Institutul de Cercetări si Modernizări Energetice - ICEMENERG" - S.A. was approved. Bucharest at the Branch "ICEMENERG-SERVICE" - S.A. Bucharest to the National Electric Energy Transport Company "Transelectrica" - S.A.

In 2016, the company registered a depreciation adjustment in the amount of 493,000 for the shares held at the ICEMENERG SERVICE SA Branch.

On 09.06.2017, the Bucharest Court, VIIth Civil Section, ordered the bankruptcy of the debtor Societatea Filiala ICEMENERG SERVICE – SA, appointing Solvendi SPRL as provisional liquidator.

On 27.04.2021, the Special Administrator of the ICEMENERG Service SA Branch informs about the fact that on 23.04.2021, following the auction, the assets of the ICEMENERG Service SA Branch, both movable and immovable, were capitalized en bloc, buyer fiind Portland Trust Developments Five SRL.

The share capital on June 30, 2022 is 493,000, fully subscribed and paid.

The balances with the subsidiaries owned by the Company are presented as follows:

AFFILIATED ENTITY	Trade receivables		Trade debts	
	30 june 2022	31 december 2021	30 june 2022	31 december 2021
SMART SA	930,017	713,183	18,887,115	8,944,881
TELETRANS SA	139,605	145,830	16,224,672	13,435,678
FORMENERG SA	-	-	-	-
OPCOM SA	427,263,787	634,763,661	418,723,387	627,502,394
TOTAL	428,333,409	635,622,674	453,835,174	649,882,953

*) Trade receivables are presented at gross value.

The transactions carried out with the Company's subsidiaries during the reported period are detailed as follows:

AFFILIATED ENTITY	Sales			
	Qtr II 2022	Qtr II 2021	Semester I 2022	Semester I 2021
SMART SA	313,662	154,730	633,132	330,227
TELETRANS SA	192,657	72,286	371,261	167,887
FORMENERG SA	-	-	-	-
OPCOM SA	983,121,130	161,299,158	2,625,286,210	308,657,903
TOTAL	983,627,449	161,526,174	2,626,290,603	309,156,017

AFFILIATED ENTITY	Acquisitions			
	Qtr II 2022	Qtr II 2021	Semester I 2022	Semester I 2021
SMART SA	23,167,225	19,537,890	50,099,077	33,172,719
TELETRANS SA	12,545,056	11,253,626	22,451,072	16,148,349
FORMENERG SA	-	-	286	-
OPCOM SA	384,783,501	261,423,186	927,033,646	466,961,469
TOTAL	420,495,782	292,214,702	999,584,081	516,282,537

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Notes to the stand-alone interim financial statements as of 30 June 2022

*(All amounts are expressed in LEI, unless otherwise provided)**ii) Salary of the Company's management*

The salaries paid to the management for the services rendered are composed, mainly, of the basic salary, as well as of benefits at the end of the employment contract and post-employment. These are detailed as follows:

	Qtr II 2022	Qtr II 2021	Semester I 2022	Semester I 2021
Short term benefits	4,994,565	5,706,859	9,753,986	10,460,373
Other long-term benefits	12,500	44,591	23,841	71,391
Total	5,007,065	5,751,450	9,777,827	10,531,764

20. Credit risk

Credit risk is the risk that the Company 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.

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash 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 value losses, represents the maximum amount exposed to collection risk.

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

	30 june 2022	31 december 2021
Financial assets		
Net trade receivables	1,975,298,343	2,049,045,366
Other net receivables and advances to suppliers	754,759,674	824,401,867
VAT to be recovered	183,796,705	122,134,375
Cash and cash equivalents	110,625,282	252,225,142
Other financial assets	-	-
Total	3,024,480,004	3,247,806,750

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

	Brut value	Depreciation adjustment	Brut value	Depreciation adjustment
	30 june 2022	30 june 2022	31 december 2021	31 december 2021
Not due	1,885,198,220	27,695	1,935,282,443	43,381
Overdue between 1 – 30 days	43,283	-	22,558,019	-
Overdue between 31 – 90 days	612,028	26,656	(343,107)	-
Past due between 90 – 180 days	396,781	53,364	13,072,815	12,540,751
Past due between 180 – 270 days	84,413	-	92,051	22,582
Overdue between 270 – 365 days	12,520,859	12,509,394	622,364	74,967
More than one year	221,798,902	132,739,034	222,868,727	132,426,265
Total	2,120,654,486	145,356,143	2,194,153,312	145,107,946

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Notes to the stand-alone interim financial statements as of 30 June 2022

*(All amounts are expressed in LEI, unless otherwise provided)*The age status of **other receivables** at the date of the statement of financial position is presented below:

	Brut value 30 june 2022	Depreciation adjustment 30 june 2022	Brut value 31 december 2021	Depreciation adjustment 31 december 2021
Not due	908,141,375	-	915,346,210	8,469,053
Overdue between 1 – 30 days	1,758,685	-	197,143	14
Overdue between 31 – 90 days	1,620,249	-	11,358,697	2,107,673
Past due between 90 – 180 days	12,156,875	6,587	1,350,180	483,743
Past due between 180 – 270 days	10,913,227	8,395,132	1,170,464	482,365
Overdue between 270 – 365 days	622,813	-	3,420,760	970,217
More than one year	80,211,484	68,466,610	80,611,154	54,405,301
Total	1,015,424,708	76,868,329	1,013,454,608	66,918,366

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 arrears 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 (25,081,554), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Romelectro SA (14,382,452), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), GETICA 95 (12,540,731), Elsaco Energy (9,276,118), RAAN (8,516,707).

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.

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

	30 june 2022	31 december 2021
Balance on January 1st	145,107,946	134,733,880
Recognition of impairment adjustments	1,003,197	14,686,349
Resumption of Impairment Adjustments	755,000	4,312,283
Balance at end of period	145,356,143	145,107,946

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

	30 june 2022	31 december 2021
Balance on January 1st	66,918,366	56,855,137
Recognition of impairment adjustments	10,727,271	14,780,396
Resumption of Impairment Adjustments	777,308	4,717,167
Balance at end of period	76,868,329	66,918,366

The financial assets that may subject the Company to collection risk are mainly trade receivables and cash 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. The collection risk related to these receivables is limited, as these amounts are mainly owed by state-owned companies.

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

21. 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 Incorporation in force, the extraordinary general meeting of shareholders on August 18/19, 2022, having on the agenda:

- approval of some amendments to the Constitutive Act:

- ✓ 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 Constitutive Act."
- ✓ 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 having as their object the provision of 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 paying the bonus and restitution of the overcompensation/improper 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 Electric Energy Transport Company "Transelectrica"- SA of some rights of use and servitude, of surface area, of use, of affecting the land in any way 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 (organization 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 "Electrical transmission network development plan for the period 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 for the period 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 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 C.N.T.E.E. 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

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

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:

1. ATANASIU Teodor,
2. DASCAL Catalin-Andrei,
3. ORLANDEA Dumitru Virgil,
4. PAUN Costin-Mihai,
5. STERP VINGARZAN Gheorghe,
6. VASILESCU Alexandru-Cristian,
7. ZEZEANU Luminita