

CNTEE Tranelectrica SA
Company managed by two-tier system

Stand-alone Interim Simplified Financial Statements
as of and for the three months' period ended on
31 March 2023

Elaborated in accordance with
International Accounting Standard 34 - "Interim Financial Reporting"

CNTEE Transelectrica SA

Separate situation of the financial position for the three months period ended on 31 March 2023

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

	Note	31 March 2023	31 December 2022
Assets			
Non-current assets			
Tangible assets		3,993,385,097	4,001,791,825
Assets related to the usage rights of assets under leasing - buildings		19,880,598	21,868,658
Intangible assets		315,012,284	337,701,123
Financial assets		85,760,294	86,000,088
Total non-current assets	4	4,414,038,273	4,447,361,694
Current assets			
Inventories		45,339,312	42,047,194
Trade and other receivables	5	1,755,237,145	3,340,471,542
Receivable income tax		-	3,988,973
Other financial assets		-	-
Cash and cash equivalents	6	323,920,409	315,146,396
Total current assets		2,124,496,866	3,701,654,105
Total assets		6,538,535,139	8,149,015,799
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
- <i>Subscribed share capital</i>		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		146,606,284	146,606,284
Revaluation reserves		686,742,091	703,232,784
Other reserves		39,310,392	39,310,392
Retained earnings		2,293,230,440	2,196,479,419
Total shareholders' equities	7	3,948,763,179	3,868,502,851
Non-current liabilities			
Non-current deferred revenues	8	487,780,663	439,025,206
Borrowings	9	49,649,625	55,587,774
Other loans and similar liabilities - Building leasing - long term	10	12,712,162	14,754,992
Deferred tax liabilities	10	103,233,571	107,408,732
Employee benefit obligations		70,533,349	70,533,349
Total non-current liabilities		723,909,370	687,310,053
Current liabilities			
Trade and other liabilities	10	1,695,949,316	3,372,266,925
Other loans and similar liabilities - Building leasing - short term	10	8,474,761	8,431,424
Other taxes and social security liabilities	11	11,952,528	12,718,537
Borrowings	9	24,707,096	92,249,024
Provisions	10	67,348,249	68,174,547
Current deferred revenues	8	40,487,626	39,362,438
Payable income tax		16,943,014	-
Total current liabilities		1,865,862,590	3,593,202,895
Total liabilities		2,589,771,960	4,280,512,948
Total shareholders' equities and liabilities		6,538,535,139	8,149,015,799

The accompanying notes 1-22 form an integral part of these Stand-alone Interim Simplified Financial Statements.

CNTEE Transelectrica SA

Separate profit and loss account for the three months period ended on 31 March 2023

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

	Note	The 3-month period ending on 31 March 2023	The 3-month period ending on 31 March 2022
Revenues			
Transmission revenues		486,949,736	418,792,129
System service revenues		100,644,860	134,061,493
Revenues from the balancing market		507,918,766	665,038,635
Other revenues		12,282,471	12,611,174
Total revenues	13	1,107,795,833	1,230,503,431
Operational expenses			
System operation expenses	14	(171,499,303)	(273,543,429)
Balancing market expenses	14	(507,871,005)	(657,086,973)
Expenses regarding technological system services	14	(109,646,142)	(121,301,215)
Amortisement	15	(82,180,561)	(62,648,873)
Personnel expenses	16	(74,529,920)	(60,861,169)
Repairs and maintenance		(18,682,429)	(18,347,902)
Materials and consumables		(1,800,558)	(2,588,813)
Other operational expenses	17	(45,939,395)	(21,471,152)
Total operational expenses		(1,012,149,313)	(1,217,849,526)
Operational income		95,646,520	12,653,905
Financial revenues		16,892,106	1,683,662
Financial expenses		(15,506,099)	(3,776,596)
Net financial result	18	1,386,007	(2,092,934)
Profit before income tax		97,032,527	10,560,971
Income tax	12	(16,772,199)	(2,529,091)
Profit of the time interval		80,260,328	8,031,880

The Stand-alone Interim Simplified Financial Statements presented have been signed by the Company's management as of **May 04, 2023**.

DIRECTORATE,

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

Director of Economic and Financial Directorate
Ana-Iuliana DINU

Accounting Department Manager
Georgiana-Beatrice ȘTEFAN

The accompanying notes 1-22 form an integral part of these Stand-alone Interim Simplified Financial Statements.

CNTEE Transelectrica SA

Separate statement of the modifications of the equity capitals on 31 March 2023

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

	Share capital	Share premium	Legal reserves	Revaluation reserve	Other reserves	Retained earnings	Total
Balance on 1 January 2022	733,031,420	49,842,552	137,926,619	769,348,928	31,145,250	1,633,807,204	3,355,101,973
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	514,572,741	514,572,741
Other comprehensive result items, of which :							
Recognition of actuarial gains of the defined benefit plan	-	-	-	-	-	(9,337,005)	(9,337,005)
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability ass. to revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(66,116,144)	-	66,116,144	-
Total other comprehensive result items	-	-	-	(66,116,144)	-	56,779,139	(9,337,005)
Total comprehensive result on the period	-	-	-	(66,116,144)	-	571,351,880	505,235,736
Other items							
Legal reserve indexation	-	-	8,679,665	-	-	(8,679,665)	-
Other items - decrease in reserve to increase capital	-	-	-	-	-	-	-
Total other items	-	-	8,679,665	-	-	(8,679,665)	-
Contributions from and distributions to							
Derecognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state public domain	-	-	-	-	8,165,142	-	8,165,142
Dividends distribution	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	8,165,142	-	8,165,142
Balance on 31 December 2022	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Balance on 1 January 2023	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	80,260,328	80,260,328
Other comprehensive result items, of which							
Recognition of actuarial profit / loss of the defined benefit plan	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability ass. to revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(16,490,693)	-	16,490,693	-
Total other comprehensive result items	-	-	-	(16,490,693)	-	16,490,693	-
Total comprehensive result of the interval	-	-	-	(16,490,693)	-	96,751,021	80,260,328
Other items							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
Total other items	-	-	-	-	-	-	-
Contributions from & distribution to shareholders							
Derecognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state public domain	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	-	-	-
Balance at 31 March 2023	733,031,420	49,842,552	146,606,284	686,742,091	39,310,392	2,293,230,440	3,948,763,179

The accompanying notes 1-22 form an integral part of these Stand-alone Interim Simplified Financial Statements.

CNTEE Transelectrica SA

Separate cash flow statement on 31 March 2023

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

	3 month period concluded at 31 March 2023	The 3-month period ending on 31 March 2022
Cash flows from operational activities		
Profit of the time interval	80,260,328	8,031,880
Allowances for:		
Income tax expense	16,772,199	2,529,091
Amortisement expense	82,180,562	62,648,873
Allowance expense to impair trade receivables	518,270	476,827
Reversal of impairment allowances for trade receivables	(431,804)	(278,653)
Net expense/income to impair sundry debtors	2,169	71,276
Net expense of allowances to impair inventories	(116,288)	302,578
Net profit/loss on sale of tangible assets	(308,767)	48,652
Net expenses for value allowances regarding tangible assets	(1,627,393)	-
Net income on provisions for risks and charges	(838,031)	(12,759,397)
Interest expense, interest income and unearned income from exchange rate differences	464,197	1,398,383
Cash flows before changes into current capital	176,875,442	62,469,510
Changes into:		
Clients and assimilated accounts - electricity and other activities	1,225,297,927	(704,975,290)
Clients – balancing	369,281,228	259,312,700
Clients - cogeneration	(9,439,001)	(2,543,366)
Inventories	(3,175,831)	(1,670,684)
Trade and other liabilities - electricity and other activities	(1,229,563,876)	453,024,094
Liabilities – balancing	(420,705,288)	(325,348,133)
Liabilities - cogeneration	(6,397,316)	4,035,411
Other tax and social security liabilities	(766,009)	(3,339,797)
Deferred revenues	25,972,693	7,553,715
Cash flows from operational activities	127,379,969	(251,481,840)
Interest paid	(1,033,661)	(1,602,432)
Income tax paid	(15,373)	-
Net cash generated from operational activities	126,330,935	(253,084,272)
Cash flows from investments		
Procurements of tangible and intangible assets	(67,318,699)	(91,300,356)
Exit from shareholding of SELENE CC Societe Anonyme	242,140	-
Proceeds from EC non-reimbursable financing	23,907,952	-
Earned Interest	852,266	247,330
Proceeds from the sale of tangible assets	932,488	-
Net cash used in investments	(41,383,853)	(91,053,026)
Cash flows used in financing		
Repayments of non-current borrowings	(5,922,222)	(5,955,926)
Utilisation of cogeneration credit line	-	45,568,018
Utilisation of working capital credit line	-	145,113,602
Short-term loan repayments	(67,617,751)	-
Building leasing payments	(2,627,342)	(2,648,636)
Dividends paid	(5,754)	(37,678)
Net cash used in financing	(76,173,069)	182,039,380)
Net growth(decrease) of cash and cash equivalents	8,774,013	(162,097,918)
Cash and cash equivalents on 1 January	315,146,396	252,225,142
Cash and cash equivalents at the end of the period	323,920,409	90,127,224

1. General information

The main activity of CNTEE Transelectrica SA ("the Company") consists in: providing electricity transmission and system service, balancing market operator, administrator of the bonus type support scheme and other related activities. These activities are carried out in accordance with the provisions of the Operational License no. 161/2000 issued by ANRE, updated by ANRE Decision no. 866/26.04.2023, with the licence-associated General Conditions approved by ANRE Order no. 104/2014, as amended and supplemented, and with the Company's final certification as transmission & system operator of the National Power System in accordance with the ownership unbundling model by ANRE Order no. 164/07.12.2015.

The address of the registered office is: 2-4 Olteni Street, Bucharest, sector 3. For the time being, the Company's executive activity is carried out at the registered office at 2-4 Olteni Street, sector 3, Bucharest.

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, certain explanatory notes have been included to explain 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 as of the date and for the financial period ended on 31 December 2022.

b) Professional reasoning and estimations

The significant reasoning that the governance team have used in applying the Company's accounting policies and the main uncertainty sources regarding estimations were the same with those applied to the stand-alone financial statements for the financial period ended on December 31, 2022.

3. Significant accounting policies

The accounting policies applied to these stand-alone interim simplified financial statements are the same as those applied to the Company's stand-alone statements elaborated for the financial period ended on December 31, 2022.

4. Tangible, intangible and financial assets**a) Tangible assets**

The decrease in the total value of tangible assets on 31 March 2023 compared to 31 December 2022 was determined by the recording of tangible assets amortishment.

The value of **tangible assets in progress** in the first quarter of 2023 was mainly determined by the completion of investment works in high-voltage power stations and lines, as follows:

- LEA 400 kV d.c. Gutinaş - Smârdan – 16,684,419;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița – 5,996,571;
- Increasing the transmission capacity of the 220 kV Ștejaru - Gheorgheni - Fântânele – 5,433,163;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV station Reșița – 4,974,281;
- Metering and data management system for electricity metering on the wholesale market - 4,369,696;
- Refurbishment of 400/110/20 kV Smârdan Station -3,914,201;
- LEA 400 kV d.c. Cernavodă - Stâlpu and connection in Gura Ialomiței – 2,781,458;
- Connection of Isaccea - Varna 400 kV LEA and Isaccea - Dobruja LEA in Medgidia South 400 kV Station – 2,168,330;
- Upgrading of 220/110/20 kV Arefu Station – 2,163,467;
- Refurbishment of 220/110 kV Filești Station – 1,793,538;
- Upgrading of 220/110 kV Dumbrava Station – 1,521,367.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

In the first quarter of 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **55,810,747 lei**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- Refurbishment of 220/110/20 kV Ungheni Station – 31,761,206;
- Upgrading of 220/110 kV Dumbrava Station – 20,977,835;
- Replacement of circuit breakers in electrical substations - Phase II - 1,346,508;
- Upgrading of 220/110/20 kV Vetis Station - primary equipment – 563,503;
- Completion of the communications infrastructure required to operate the Company's private cloud hardware structure to ensure the implementation and operation of the new Balancing Market platform - DAMAS - 414,750;
- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station – 183,306;
- Carpeting of heavy traffic for DETs in Bacau, Bucharest, Cluj and Craiova – 90,566.

In the first quarter of 2023, there was **an outflow from tangible assets in progress** through the recognition of the Company's operating budgets for the project "Consolidation, upgrading and extension of CNTEE Transelectrica SA - Magheru headquarters", in the amount of 1,627,393 lei.

The balance of **tangible assets in progress** on 31 March 2023, amounting to **1,044,027,606 lei**, is represented by projects in progress, the most significant of which are listed below:

- LEA 400 kV d.c. Cernavodă - Stâlpu and connection in Gura Ialomiței – 349,782,780;
- LEA 400 kV d.c. Gutinaș - Smârdan – 143,125,244;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV line s.c. Porțile de Fier - (Anina) - Reșița – 121,576,777;
- Upgrading of 400 (220)/110/20 kV Munteni Station – 47,520,129;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălcu 1 and CEE 18 MW Fălcu 2 to the TSO through the new (400)/220/110 kV Banca Station – 46,884,983;
- Upgrading of 220/110/20 kV Arefu Station – 45,648,463;
- Refurbishment of 400/110/20 kV Smârdan Station -31,915,487;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station – 25,591,386;
- Refurbishment of 220/110/20 kV Baru Mare Station – 22,288,565;
- Increasing the transmission capacity of the 220 kV Ștejaru - Gheorgheni - Fântânele – 21,824,823;
- Extension of 400 kV Gura Ialomiței Station with two cells: LEA 400 kV Cernavodă 2 and 3 – 19,336,927;
- Refurbishment of 110 kV Medgidia South Station – 13,763,833;
- Extension of 400 kV Cernavodă Station - Phase I+II, replacement of 2 compensation coils - connection of new lines – 13,081,158;
- 110 kV, 220 kV and 400 kV switchgear - 11,280,763;
- 400 kV Stâlpu station – 9,408,696;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis, phase II, 400 kV d.c. Resita - Timisoara - Sacălaz – 8,900,950;
- 400 kV Gădălin - Suceava LEA, including interconnection to SEN (H.CA no. 7/08.07.2010) – 8,402,532;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 7,803,360;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cubicles in Iernut Station and modernization of the control system of 400/220/110/6 kV Iernut Station – 7,070,743;
- Metering and data management system for electricity metering on the wholesale market - 6,998,924;
- Refurbishment of 220/110 kV Filești Station -6.745.905;
- LEA 220 kV double circuit Ostrovu Mare - RET (H.CA nr. 17/2007) – 5,984,399;
- Site clearance and coexistence conditions between the objective "Suspension bridge over the Danube in the Braila area" belonging to CNAIR SA and the electricity networks managed by CNTEE Transelectrica SA – 4,911,246;
- Integrated security system at power stations, phase IV – 4,816,604;
- Upgrading of 110 kV and 400 (220 kV) installations at Focșani West Station - 4,510,369;

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

- Connection of 400 kV Isaccea - Varna and Isaccea - Dobrudja LEA to 400 kV Medgidia South Station – 4,465,365;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439,120;
- 220 kV LEA diversion Ampoi - Alba Iulia area – 3,429,960;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Reșița - Timișoara - Săcălaz – 3,374,984;
- Extension with new functionalities of the computerized access control and record system in the CNTEE Transelectrica SA objectives – 3,200,918;
- Connection to the national grid of CEE 136 MW Platonești, jud. Ialomița, by building a 110 kV cell in the 400/110 kV Gura Ialomiței power station – 2,889,337;
- Integrated security system at power stations, phase III (H.CA no. 2/2008) – 2,798,024;
- Pilot Project - Upgrading of 220/110/20 kV Alba Iulia Station to a digital station concept – 2,621,479;
- 110 kV Cetate 1 and 2 LEA diversion in the vicinity of 110/20/6 kV Ostrovul Mare Station – 2,578,438;
- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by building a 110 kV line cell in the 220/110 kV FAI power station – 2,545,853.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets in progress** as at 31 March 2023, in the amount of **4,470,019 lei**, is represented by ongoing projects, the most significant of which are listed below:

- MENT - RET maintenance application and unit database - BDU for structures, installations, components and systems - SISC managed by CNTEE Transelectrica SA – 2,626,762;
- MARI platform development – 1,467,395.

The largest transfers from intangible assets in progress to intangible assets are represented by:

- GE License - Software module for capacity calculations based on energy flows – 247,400.

In the first quarter of 2023, **an outflow from intangible assets in progress** was recorded through recognition on the Company's operating budgets for the project "Implementation of an Electronic Archiving and Document Management System within CNTEE Transelectrica SA" in the amount of 5,474,290 lei.

Intangible assets - Additional CPT

As of 30 September 2022, the Company shall apply the provisions of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 and approved by Law no. 357/13.12.2022, whereby the additional costs with the purchase of electricity made in the period from 1 January 2022 to 31 March 2025 in order to cover its own technological consumption and technological consumption, respectively, compared to the costs included in the regulated tariffs, shall be capitalized on a quarterly basis. Thus, capitalized costs are amortized over a period of 5 years from the date of capitalization and are remunerated at 50% of the regulated rate of return approved by the National Energy Regulatory Authority applicable over the amortization period of those costs and are recognized as a separate component.

For the year 2022, the Company recorded non-financial income in the amount of 338,526,677 lei representing additional CPT calculated as the difference between the net cost of CPT acquisition and the cost of CPT included in the regulatory tariff and a related depreciation expense calculated as at 31 December 2022 in the amount of 16,926,334 lei, i.e. as at 31 March 2023 the depreciation expense amounting to 30,913,706 lei.

For the first quarter of 2023, there were no additional costs for the purchase of electricity to cover own technological consumption over the cost recognized in the tariff.

c) Financial assets

The balance of financial assets as at 31 March 2023, amounting to 85,760,294, is mainly represented by:

- the net value of shares held by the Company (81,503,833);

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

- securities for the temporary occupation of the land, calculated and retained in accordance with Article 39(2) of Regulation (EC) No. (1), par. (2) and par. (5) of Law No 46/2008 on the Forestry Code, for the implementation of the investment objective of the 400 kV Reșița - Pancevo (Serbia) line in the amount of 4,254,115.

The decrease in the value of financial assets is mainly represented by the sale of shares held by the Company in SOUTHEAST ELECTRICITY NETWORK COORDINATION CENTER (SEleNe CC) SOCIETE ANONYME, at the same time as the receipt of the countervalue of 242,140.

With a view to the exit of Transelectrica from the shareholding of SELENE CC, a sale-purchase agreement of shares issued by SELENE CC was concluded between Transelectrica - as seller - and SELENE CC, IPTO (Greek TSO), ESO EAD (Bulgarian TSO), TERNA (Italian TSO) - as buyers. The contract has been registered in Transelectrica's internal records under number C245/2023.

In the contract C245/2023 the monetary amount of 53,658 Euro was established as the sale-purchase value of the 50,000 shares held by Transelectrica in the capital of SELENE CC. The contract stipulated that the transfer of ownership of the shares held by Transelectrica to the purchasers takes place at the time of full payment by the purchasers to Transelectrica of the consideration for the shares which are the subject of the sale-purchase transaction.

On 08.02.2023, the amount mentioned was fully collected by Transelectrica from the buyers under the contract by bank transfer.

d) Assets related to the usage rights of assets under leasing - buildings

Such assets represent the usage rights of the assets the Company has leased in the Platinum Office Building, according to the provisions of IFRS 16 – Leases.

Contract No C232 entered into force on 01.10.2020, valid for 5 years and amounting to 9,000,000 Euro (excluding VAT).

As at 31 March 2023, the book value of the right of use of the premises leased by the Company in the Platinum office building is 19,880,598 lei.

For this contract, the Company pays a monthly quantum of 16.67 euro/sqm (excluding VAT) for the rental of office space, resulting in an annual amount of approx. 1.8 million Euros.

5. Trade and other receivables

On 31 March 2023 and 31 December 2022, trade and other receivables were as follows:

	31 March 2023	31 December 2022
Trade receivables	1,289,358,983	2,393,921,184
Other receivables	145,754,669	166,861,679
Down payments to suppliers	159,206,806	697,015,521
Receivable VAT	370,161,601	291,841,166
Impairment allowances for doubtful receivables	(132,923,629)	(132,837,163)
Impairment allowances for other doubtful receivables	(76,321,285)	(76,330,845)
Total trade and other receivables	1,755,237,145	3,340,471,542

The structure of trade receivables is the following:

	31 March 2023	31 December 2022
Clients on the electricity market, of which:	1,285,930,877	2,392,070,692
- Clients - operational activity	950,172,671	1,696,470,262
- Clients - balancing market	194,826,066	564,107,291
- Clients - bonus type support scheme to promote high efficiency cogeneration	140,932,140	131,493,139
Clients from other activities	3,428,106	1,850,492
Total trade receivables	1,289,358,983	2,393,921,184

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

• CNTEE Transelectrica SA carries out its operational activity on the basis of the Operating License no. 161/2000 issued by ANRE, updated by the Decision of the President of ANRE no. 866/26.04.2023, for the provision of the electricity transmission service, for the provision of the system service and for the administration of the balancing market.

As of March 31, 2023, outstanding clients from operating activities decreased compared to December 31, 2022, mainly due to a decrease in the volume of transactions resulting from market coupling in the first quarter of 2023 compared to the fourth quarter of 2022, resulting in a decrease in the value of outstanding receivables as of March 31, 2023 compared to December 31, 2022.

The decrease in the volume of transactions in the balancing market in the first quarter of 2023 compared to the fourth quarter of 2022 also led to a decrease in the balance of clients in contracts concluded for this type of activity.

The main clients in total trade receivables are represented by: IBEX, MAVIR, OPCOM, RAAN, Electrica Furnizare SA, Hidroelectrica SA, Enel Energie SA, CET Govora SA, E. ON Energie Romania SA, Enel Energie Muntenia SA. Their share is 65.84% of total trade receivables.

• CNTEE Transelectrica SA carries out the activities under the bonus type support scheme to promote high-efficiency cogeneration in the capacity of support scheme administrator, 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 31 March 2023, the Company records receivables from the bonus type support scheme for the promotion of high-efficiency cogeneration of approximately 11% (compared to 5% as of 31 December 2022) of total trade receivables.

Clients in the bonus-type support scheme for the promotion of high-efficiency cogeneration show an increase on 31 March 2023 mainly due to the amount invoiced for the collection of overcompensation for 2022, due in the second quarter of 2023.

As of March 31, 2023, the Company records receivables in the amount of 140,932,140, represented by invoices issued under the bonus type 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 amounting to 3,914,960, respectively from RAAN - 1,981,235, CET Govora - 1,933,725;
- undue bonus for 2015 amounting to 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- undue bonus for 2020 amounting to 522,181 from Donau Chem;
- overcompensation for 2022 in the amount of 34,134,301, respectively from CET Govora - 13,717,553 and Electrocentrale București - 20,416,748;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 20,705,984, 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 - 835,828 and others.

Up to the date of this financial report, the Company has collected the receivables related to over-compensated activities on under the support scheme for 2022 (in the amount of 34,134,301) from CET Govora (13,717,553) and Electrocentrale București (20,416,748), as well as the amount of 1,817,307 from the undue bonus established by ANRE Decisions for 2022, from the following producers: Bepco SRL, CET Govora, CET Grivița, COMPA SA, Electrocentrale București, Electroulaj SA, and Soceram SA.

In order to extinguish receivables generated by overcompensation and undue bonus in previous years, the Company requested the generators qualified under the support scheme to make mutual compensations. In case of generators that did not agree with this manner to extinguish mutual receivables and liabilities (RAAN, CET Govora) the Company has applied and further applies the provisions of article 17 para 5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high-efficiency cogeneration and the bonus payment for the electricity generated under high-efficiency cogeneration: *"in case the generator did not make the payment in full to the support scheme administrator for its payment obligations resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment obligations under the support scheme, with explicit mention of the respective amounts on the payment document"* and withheld from payment the due amounts under the respective support scheme.

• File no. 9089/101/2013/a140 was registered on the docket of Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes pertaining to "claims in sum of 86,513,431", where the Company was claimant and the **Autonomous Authority for Nuclear Activities, RAAN** was the defendant.

The summons filed by Transelectrica SA requested compelling defendant RAAN to pay 86,513,431.

On 19.05.2016 Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes pronounced hearing conclusion and ordered as follows: "In accordance with article 413 pt. 1 Civil Procedural Code decides suspending the case until settlement of file 3014/2/2014 found on the docket of the High Court for Cassation and Justice. Appeal right

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

is valid during the entire suspension term; pronounced on 19 May 2016 at public hearing"; hearing term on 06.06.2019. Mention should be made file 3014/2/2014 on the docket of the High Court for Cassation and Justice pertained to appeal in order to cancel ANRE Decision 743/28.03.2014, the parties being RAAN (claimant) and ANRE (defendant).

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

Sentence no 387/20.03.2014 of Mehedinti Tribunal confirmed the reorganisation plan of debtor Autonomous Authority for Nuclear Activities, proposed by the judiciary administrator Tudor&Asociatii SPRL and voted by the General Assembly of Creditors according to the minutes of 28.02.2014.

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

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

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

Since only a part of the total amount requested by Transelectrica in quantum of 89,360,986.06 Lei was registered and according to letter 4162/03.10.2016 whereby the judiciary liquidator notified us only 11,264,777.30 Lei were recorded in the additional table in the receivables column resulting from the debtor's continued activity, and 78,096,208.76 Lei were denied. We filed contestation to the Additional receivable table within the legal term.

On the hearing term 14.02.2019, Mehedinti Tribunal decided joining file no 9089/101/2013/a152 and file no 9089/101/2013/a140 (pertaining to claims – payment request). File judgment was postponed because the court deemed it useful for case settlement to submit Civil ruling 2969/26.09.2018, pronounced by the High Court for Cassation and Justice under file 3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE president.

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

Transelectrica filed appeal within the legal term. The Appeal Court Craiova established the first hearing term on 30.10.2019. The appeal was denied as groundless. Transelectrica filed review request for contradictory decisions, registered under file 1711/54/2019, with hearing term on 26.03.2020 at the Appeal Court Craiova, which will refer the file to the High Court for Cassation and Justice for competent settlement.

On 26.03.2020, the hearing term was changed and the next one was set on 21.05.2020.

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

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did not pronounce on its inadmissibility.

There are four more files between RAAN and Transelectrica found under various judgment stages.

Under RAAN's bankruptcy file registered under number 9089/101/2013 Mehedinti Tribunal deferred the case on the terms 08.10.2020 and 04.02.2021. Settlement in brief: term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' table, to continue measures in view of recovering receivables and further public bids in order to capitalize the debtor's assets.

On the 14.10.2021 term the case was deferred and the settlement in brief was: "it granted term to continue the procedure, namely to capitalize the assets and carry out the other liquidation activities".

The case is adjourned to 10.02.2022, the summary decision being: for the conduct of the procedure, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI" and the next hearing is set for 02.06.2022.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

The proceedings were continued at the hearing of 09.02.2023, when the court granted an adjournment until **15 June 2023** for the continuation of the proceedings, i.e. for the collection of claims, the valuation of assets and the performance of other liquidation operations.

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

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

Since ANRE Decision 738/28.03.2014 which had determined the 2011-2013 overcompensation was suspended by court civil judgment 3185/27.11.2015 CET Govora SA had no longer complied with its obligations under the Agreement terms.

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

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

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

On 18.07.2018 Valcea Tribunal pronounced the following settlement:

- It confirmed the reorganization plan of Co. CET Govora SA proposed by the judiciary administrator EURO INSOL SPRL, submitted on 25 May 2018 to the file and printed in the Bulletin of Insolvency Procedures 11924 of 13 June 2018.

- It denied the contestations submitted by creditors Energy Complex Oltenia SA, SNTFM CFR Marfa SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternativ SRL and Solar Electric Curtisoara SRL.

- It set 8 October 2018 as substantial term to continue the procedure.

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

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

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

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

On 25.03.2022, by Government Decision no. 409/2022, it was adopted the amendment and completion of Government Decision no. 1215/2009 on the establishment of criteria and conditions necessary for the implementation of the support scheme for the promotion of high efficiency cogeneration based on useful heat demand. Thus, the period of application of the support scheme is extended until 2033, exclusively for producers who meet the conditions for accessing the extension of the support scheme.

At the same time, the financial closure of the support scheme, which will take place in the first half of 2034, is extended.

Other claims

On 31 March 2023, other receivables amounting to 145,754,669 mainly include:

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

- sundry debtors (**104,136,827**), of which:
 - Payment delay penalties calculated to defaulting clients defaulting clients, amounting to 83,428,496 (of which 35,351,105 are penalties related to the support scheme). The highest delay penalties were recorded by the following clients: RAAN (16,901,449), Romelectro (13,424,052), CET Govora (9,606,504), Electrocentrale București (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,000) and the other clients (8,894,000).655), Total Electric Oltenia (3,288,967), OPCOM (2,955,667), Electromontaj SA (2,738,705). Impairment allowances were registered for the penalties calculated for late payment of receivables from operational activities;
 - compensation owed by suppliers for non-delivery of electricity in the amount of 11,923,999: Next Energy Partners (8,395,132), Enol Grup (2,541,312) and Arelco Power (987,555). Impairment adjustments have been recorded for compensation due from suppliers in the operational activity;
 - the receivable to be recovered from OPCOM representing the VAT associated to the contribution in-kind to the capital of the subsidiary in the amount of 4,517,460, discounted with delay penalties.
- **14,073,112** in prepaid expenses mainly represented by: domestic and international dues (5,279,347), ANRE annual contribution for 2023 (3,633,649), taxes and duties for 2023 (2,801,648), RCA and CASCO policies (1,087,537), rent and maintenance of office building (738,285) and others;
- other social claims amounting to **1,470,788** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Down payments to suppliers

On 31 March 2023, down payments paid to suppliers are represented by debtor suppliers for service provision amounting to **159,206,806** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (132,961,071 - for ICP and SDAC and 24,456,073 - for SIDC).

The price coupling mechanism was applied beginning with 19 November 2014, date when the '4 Markets Market Coupling (4MMC)' project providing connection of the DAM (day-ahead electricity markets) from Romania, Hungary, Czech Republic and Slovakia became operational. Such price coupling mechanism of day-ahead markets means the electricity exchanges correlate the electricity transactions for the following day based on bids, taking into account the interconnection capacity made available by the TSO, whereby it is implicitly allocated. CNTEE Transelectrica SA as TSO transfers electricity both in physical and commercial terms to the TSO neighbor (MAVIR-Hungary) and manages the congestion revenues on the respective interconnection (article 139 from ANRE Order 82/2014), and in relation to OPCOM SA it is Implicit Participant to the Day-Ahead Market.

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

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

The single intraday coupling mechanism provides uninterrupted matching of sale and purchase offers made by market participants from a bidding zone with the sale and purchase offers from within one's own bidding zone and from any other bidding zone with available cross-border capacity.

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

28 October 2021 marks the start of the new successful SDAC *Single Day-ahead Coupling*, the result of cooperation between the Designated Electricity Market Operators (DEMO) and the Transmission System Operators (TSO) of Bulgaria and Romania, namely IBEX EAD, OPCOM SA, ESO EAD and CNTEE Transelectrica SA. The aim of the SDAC is to create a single pan-European cross-border day-ahead energy market. An integrated day-ahead market increases the overall efficiency of trading by promoting effective competition, increasing liquidity and enabling more efficient use of generation resources across Europe.

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

The launch of Flow Based Market Coupling in the Core region on 08 June 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.

In the FBMC project, Transelectrica has the role of both Shipper (Transfer Agent) and CCP - *Central Counterparty*. As CCP, the Company has the task of transferring the financial flows generated by the electricity flows, following the

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

coupling process.

VAT to be recovered

VAT to be recovered (370,161,601) - amount relating to the statements of account for the period November 2022 - March 2023 and October 2020. Up to the date of preparation of this report, the Company has collected from the State the amount of 95,397,990, representing the value added tax claimed for refund for the months of November and December 2022.

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

The policy of Transelectrica provides registration of allowances for value losses amounting to 100% for clients under disputes, under insolvency and bankruptcy and to 100% of trade receivables and other receivables not cashed within more than 180 days, except for outstanding receivables generated by the support scheme. The Company also carries out an individual analysis of trade and other uncollected receivables.

The highest impairment allowances on 31 March 2023, calculated for trade receivables and associated penalties, were registered for CET Govora (25,151,556), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Romelectro SA (13,429,126), Elsaco Energy (9,276,118), RAAN (8,516,707), NEXT Energy Partners (8,395,132).

The Company took the following steps to recover such receivables adjusted for depreciation: court proceedings, registration in the creditors' table.

6. Cash and cash equivalents

It includes the balances of cash, deposits on sight and deposits with initial maturities up to 90 days from establishment date, with insignificant exposure to the risk of having their fair value modified, which the Company uses to manage current commitments.

On 31 March 2023 and 31 December 2022, cash and cash equivalents were as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
1. Current bank accounts and deposits with original maturities of up to 90 days, of which:	323,671,860	315,060,175
a) current bank accounts and deposits with initial maturities of up to 90 days of current activity	76,264,519	162,387,615
b) current bank accounts and deposits with original maturities of up to 90 days restricted, of which:	247,407,341	152,672,560
- cash and deposits from high efficiency cogeneration	164,875,155	96,436,261
- cash and deposits from interconnection capacity allocation revenues used for network investment	5,599,173	444,471
- cash from the connection fee	45,808,325	21,723,989
- European funds	24,782	24,774
- other restricted accounts (securities for the electricity market and dividends)	31,099,906	34,043,065
2. Cash	122,071	86,221
3. Other cash equivalents	126,478	-
Total	<u>323,920,409</u>	<u>315,146,396</u>

7. Shareholders' equities

In accordance with the provisions of OUG no. 86/2014 establishing reorganization measures for public central administration and amending and adding certain norms, on 20 February 2015 the Company's Shareholder Register recorded the transfer of 43,020,309 shares from the Romanian State's account managed by the Secretariat General of the Government into the Romanian State's account managed by the Ministry of Economy, Trade and Tourism.

In accordance with the provisions of article 2 from OUG 55/19 November 2015 establishing reorganization measures for public central administration and amending and adding certain norms, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established by reorganizing and taking over the activities of the Ministry of Economy, Trade and Tourism that was cancelled while the Ministry of Energy, Small & Medium Sized Enterprises and Business Environment took over the activities and structures in the SME domain.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

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

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

On 31 March 2023, the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government holding 43,020,309 shares (58.69%), NN Group NV holding 4,007,688 shares (5.47%), PAVAL HOLDING holding 4,753,567 shares (6.49%), other Legal Person shareholders holding 16,043,034 shares (21.88%) as well as Natural Person shareholders holding 5,478,544 shares (7.47%).

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

The shareholding structure on 31 March 2023 and 31 December 2022 were the following:

Shareholder	31 March 2023		31 December 2022	
	Number of shares	% of share capital	Number of shares	% of share capital
The Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,043,034	21.88%	16,006,932	21.83%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,478,544	7.47%	5,514,646	7.52%
Total	73,303,142	100.00%	73,303,142	100.00%

The increase in shareholders' equity as at 31 March 2023 compared to 31 December 2022 was mainly due to the recognition in retained earnings of the net profit of 80,260,328 realized as at 31 March 2023.

8. Deferred revenues

Deferred revenues are mainly represented by: the connection fee, other subsidies for investments, non-reimbursable European funds received from the Ministry of European Funds and revenues from the use of interconnection capacity.

As at 31 March 2023, the deferred revenues were as follows:

	31 March 2023	Of which: the current part on 31.03.2023	31 December 2022	Of which: the current part on 31.12.2022
Deferred revenues – allocation of interconnection capacities	19,645,660	19,645,660	16,226,643	16,226,643
Deferred revenues - European funds	1,131,825	1,131,825	1,477,186	1,477,186
Funds from the connection fee	281,047,606	14,560,754	256,399,191	14,761,502
European Funds	204,330,438	1,494,627	181,971,805	2,884,160
Other subsidies	22,112,760	3,654,760	22,312,819	4,012,947
Total	528,268,289	40,487,626	478,387,644	39,362,438

CNTEE Tranelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

 The evolution of **short-term prepaid income** from January to March 2023 is presented as follows:

	31 March 2023	31 December 2022
Balance at beginning of period	39,362,438	31,581,188
Interconnection capacity prepayments	58,457,337	115,265,573
EU-funded farms	-	680,053
Transfer from long-term advance income	(1,948,469)	(196,896)
Revenue from the use of interconnection capacity	(55,038,320)	(106,688,196)
Revenue from European funds	(345,360)	(1,279,284)
Total	40,487,626	39,362,438

 The evolution of **current deferred revenues** from January to March 2023 was as follows:

	31 March 2023	31 December 2022
Balance at the beginning of the time interval	439,025,206	443,434,048
Connection subsidies	28,331,702	3,144,808
Non-returnable funds	(23,907,952)	(9,585,879)
Non-returnable funds to repay	-	-
Transfer into current deferred revenues	49,764,373	27,533,794
Resuming subsidies into revenues	(5,432,666)	(25,501,565)
Total	487,780,663	439,025,206

9. Borrowings

• Non-current borrowings

On March 31, 2023, the amount of non-current borrowings decreased compared to December 31, 2021 mainly due to repayments made according to existent loan agreements.

Movements in loans during the three months ended 31 March 2023 are as follows:

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2023			79,443,827	
New drawings			-	
Repayments, of which:			(5,922,222)	
EIB 25709	EUR	3,596%	(5,922,222)	10-Sep-2025
EIB 25710	EUR	3,856%+2,847%	-	11-Apr-2028
Exchange rate differences at the date of repayment			(7,730)	
Balance at 31 March 2023			73,513,875	

On 31 March 2023 and 31 December 2022, the balances of non-current borrowings from credit institutions were as follows:

Description	31 March 2023	31 December 2022
EIB 25709	29,786,250	35,731,223
EIB 25710	43,727,625	43,712,604
Total non-current borrowings from credit institutions, of which:	73,513,875	79,443,827
Current part of non-current loans	(23,864,250)	(23,856,053)
Total non-current loans, net of current instalments	49,649,625	55,587,774

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

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

	31 March 2023	31 December 2022
Between 1 to 2 years	23,864,250	23,856,053
Between 2 to 5 years	25,309,500	31,256,010
Over 5 years	475,875	475,711
Total	49,649,625	55,587,774

The Company did not provide coverage for risks associated to its liabilities in foreign currency or for its exposure to risks associated to interest rate.

All non-current loans outstanding at 31.03.2023 bear fixed interest rate.

- *Current borrowings*

Current borrowings are detailed as follows:

	31 March 2023	31 December 2022
Current part of non-current borrowings	23,864,250	23,856,053
Current bank loan	-	67,617,751
Interest associated to current and non-current loans	842,846	775,220
Total current borrowings	24,707,096	92,249,024

- *Loans contracted for current activity*

On 30.03.2022, Transelectrica concluded credit agreement no. **C624** as overdraft account **with Banca Comercială Română** for a period of 12 months in order to finance the support scheme bonus for high efficiency cogeneration, in the amount of RON 175.000.000, with an interest rate calculated according to the ROBOR 1M reference rate, 0.35% margin is added and a commission of 0.088%.

The credit line is secured by means of:

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

On 04.01.2023, Transelectrica concluded the Addendum No. 1 to the credit agreement No. C624 concluded with Banca Comercială Română, having as object the extension of the scope of the credit line and to cover temporary working capital needs and the extension of the validity of the contract by 12 months (from 30.03.2023 to 30.03.2024).

As of March 31, 2023, the line of credit is undrawn.

On 10.03.2022, Transelectrica concluded credit agreement no. **C588 with Banca Transilvania** for a period of 12 months to finance the working capital of the Company, in the amount of 200,000,000 lei at an interest rate based on the ROBOR 1M reference rate, plus a margin of 0.05%.

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 outstanding obligations, with a 12-month drawdown period until 09.03.2023;
- 25 million lei in the form of a ceiling for issuing bank letters of guarantee, with a letter issuing period of 12 months and a letter validity of 24 months.

On 09.05.2022, Transelectrica concluded the Addendum No. 1 to the credit agreement No. C588 concluded with Banca Transilvania, extending the validity of the use of the credit line to 24 months.

On 16.06.2022, Transelectrica entered into Addendum No. 2 to the credit agreement No. C588 with Banca Transilvania, increasing the ceiling for issuing letters of guarantee from 25 million lei to 40 million lei.

The credit line is guaranteed by:

- chattel mortgage on the bank account opened with the bank;
- chattel mortgage on the claims arising from the contract for the provision of electricity transmission service and system service concluded with Electrica Furnizare SA.

As of March 31, 2023, the line of credit is undrawn.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

*(All amounts are expressed in LEI, unless otherwise provided)***10. Trade and other liabilities**

On 31 March 2023 and 31 December 2022, trade and other liabilities were as follows:

	31 March 2023	31 December 2022
Suppliers on the electricity market	751,562,153	1,956,548,071
Suppliers of assets	88,308,839	138,804,943
Suppliers of other activities	55,068,128	55,020,130
Amounts owed to employees	9,796,854	9,111,008
Other liabilities	812,400,265	1,235,969,189
Total	1,717,136,239	3,395,453,341

On 31 March 2023 and 31 December 2022, the liabilities on balance from the electricity market amounting to 751,562,153 and 1,956,548,071, respectively, were structured as follows:

	31 March 2023	31 December 2022
Suppliers on the electricity market, of which:		
- suppliers - operational activity	559,019,553	1,336,902,867
- suppliers - balancing market	162,392,468	583,097,756
- suppliers - bonus type support scheme for promotion of high-efficiency cogeneration	30,150,132	36,547,448
Total	751,562,153	1,956,548,071

The suppliers on the electricity market are mainly represented by OPCOM, IBEX, MAVIR, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, OMV Petrom SA. On 31 March 2023, their share in the total number of electricity suppliers was 96.06%.

The decrease in the liability balance for operational activities was mainly due to the decrease in the volume of transactions resulting from the coupling of electricity markets.

The decrease in the liability balance of the balancing market was determined by a decrease in the volume of transactions recorded on the balancing market in the first quarter of 2023 to the fourth quarter of 2022.

The decrease of liabilities related to the support scheme to suppliers (producers) was mainly determined by the decrease in the monthly bonus for high efficiency cogeneration from March 2023 to December 2022.

On 31 March 2023, payment liabilities to suppliers (producers) were registered amounting to 28,823,197 representing: representing the monthly cogeneration bonus, the ex-ante overcompensation for 2014 and 2015, bonus not granted for 2015 (RAAN – 23,751,179.29 and CET Govora SA - 3,368,966) and the bonus not granted for 2022 (Termoficare Oradea - 1,685,381, UATAA Motru - 4,481, Poligen Power Energy - 13,163 and Colonia Cluj Napoca - 27) due in the second quarter of 2023. The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld from payment according to article 17 para 5 of Order 116/2013 of ANRE President, because suppliers (producers) registered payment liabilities to the Company under the bonus type support scheme.

The Company requested the suppliers (producers) that did not pay the overcompensation invoices their agreement to compensate mutual liabilities at minimum level by means of the Institute of Management and Informatics (IMI) which uniformly manages all information received from tax-payers according to the provisions of GD no. 773/2019.

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

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

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

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

Since ANRE Decision no. 738/28.03.2014 was suspended by court civil ruling 3185/27.11.2015, which had determined the 2011-2013 overcompensation, CET Govora SA had no longer complied with the Agreement terms. Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. Taking into account the provisions of the Insolvency Law 85/2014 the Company ceased, beginning with 9 May 2016, to apply the provisions of article 17.5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the payment mode of the bonus for electricity generated under high efficiency cogeneration and pays monthly the cogeneration bonus owed to CET Govora. Civil ruling 2430/05.10.2016 of the High Court of Cassation and Justice admitted the appeal filed by ANRE against civil ruling 3185/27.11.2015, partly cancelled the sentence appealed against and denied the suspension request of CET Govora, such decision being final. Thus, beginning with 05.10.2016 the effects of ANRE Decision 738/28.03.2014 are no longer suspended, bearing full effects.

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order no. 116/2013 for mutual receivables and liabilities accrued after the insolvency procedure, meaning it withheld the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company.

The decrease of the **asset suppliers' balance** on 31 March 2023 compared to 31 December 2022 was mainly owed to payments falling due.

Liabilities to the **suppliers of other activities** are mainly represented by liabilities associated to services provided by third parties that did not reach maturity, which have increased in comparison with 31 December 2022.

On 31 March 2023, the Company did not register outstanding liabilities to suppliers, state budget or local institutions.

The liability structure under "**other liabilities**" was the following:

	31 March 2023	31 December 2022
Sundry creditors	409,644,219	389,852,540
Client - creditors	327,591,863	770,851,018
Dividends to pay	142,578	148,332
Liabilities - Current building leasing	8,474,761	8,431,424
Liabilities - Non-current building leasing	12,712,162	14,754,992
Other liabilities	53,834,682	51,930,883
Total	812,400,265	1,235,969,189

- "Sundry creditors", amounting to **409,644,219** as at 31 March 2023, mainly represent:
 - 396,214,881 net of the support scheme for high efficiency cogeneration, a liability position.
The net support scheme position represents the difference between:
 - The contribution to be collected from the suppliers of electricity consumers; the overcompensation for electricity and heat generated under high efficiency cogeneration; the undue bonus to collect from producers according to ANRE decisions on the one hand, and
 - The cogeneration bonus; the ex-ante overcompensation and non-granted bonus to pay to electricity producers for high efficiency cogeneration that are beneficiaries of the support scheme on the other hand
 - 10,249,108 study contracts for RET connection solutions,
 - 1,473,610 royalty 1st quarter 2023,
 - 1,112,509 tender securities and other.
- "Creditor clients", as at 31 March 2023, amount to **327,591,863**, of which 324,488,755 represent amounts received in advance from IBEX (180,582,953), MAVIR (95,208,891), OPCOM (48,670,760) and JAO (26,151) under transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling).
- On 31 March 2023, dividends owed to the Company's shareholders and but unpaid amounted to **142,578**. Such amounts are at the shareholders' disposal by means of the payment agent.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

- On 31 March 2023, the **liability for assets related to the usage rights of leased assets - buildings**, according to the provisions of IFRS 16 - Leases amounted to 21,186,923, of which:
 - Current liability: 8,474,761
 - Non-current liability: 12,712,162.
- "Other liabilities" in the amount of **53,834,682** are mainly represented by the payment bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 32,223,599, non-demandable VAT during the reporting period in the amount of 21,347,893 and others.

Provisions

On 31 March 2023 and 31 December 2022, the provision situation is as follows:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Provisions for disputes	24,677,889	24,677,889
Provisions for mandate contracts	42,406,809	43,338,686
Other provisions	263,551	157,972
TOTAL	<u>67,348,249</u>	<u>68,174,547</u>

Provisions for disputes found on balance at 31.03.2023, amounting to 24,677,889, are mainly represented by provisions constituted for the following disputes:

- File no. 36755/3/2018 - Claimant Conaid Company SRL (17,216,093)* - more details on this file are provided in Note 19 - Disputes and Contingencies.
- File no. 15561/3/2022 - Claimant SMART SA (4,467,108)* - more details on this file are given in Note 19 - Disputes and Contingencies.
- File no. 3083/3/2020 - Claimant NUCLEARELECTRICA SA (1,472,785)*

On 26.06.2020, Nuclearelectrica sued the Company in order to pay 1,290,533.156 lei representing negative imbalance and 182,251.94 lei, legal interest.

After several terms when the case was deferred (26.06.2020, 16.10.2020, and 11.12.2020) for various reasons, on 22.12.2020 the Court obliged the Company to pay 1,290,533,156 lei as compensatory damages to the claimant; to pay the update of such sum with the inflation rate from 27.09.2018 until actual payment date; to pay 182,251,94 Lei representing legal penalty interest calculated from 27.09.2018 until 31.01.2020, and to further pay the legal penalty interest calculated from 01.02.2020 until actual payment date. It also compelled the defendant to pay 23,441.66 Lei to the claimant as law court expenses, consisting of judiciary stamp tax. It denied the defendant's request for law court expenses as groundless. Appeal right granted within 30 days from notification. (Ruling 2698/2020/22.12.2020).

CNTEE Transelectrica SA filed appeal with the Bucharest Court of Appeal. In the hearing of 25.11.2021, the Bucharest Court of Appeal admits the appeal. Changes in part the civil ruling appealed against, in the sense that: Rejects as groundless the summons. Upholds the order of the first court dismissing as groundless the defendant's claim for court fees. Orders the plaintiff to pay the defendant the sum of EUR 20 591.66 by as appeal court fees. With a second appeal within 30 days from the date of communication, the second appeal request to be filed with the Bucharest Court of Appeal - Civil Section VI.

Nuclearelectrica has filed a second appeal, which is in the filter procedure.

"**Provisions for mandate contracts**" in the amount of 42,406,809, on 31 March 2023, consist of:

- the remuneration of executive and non-executive directors representing the variable component related to the allocated and unused OAVT packages during the period of the mandates executed in the period 2013-2017);
- the remuneration representing the variable component, the non-competition compensation and the remuneration related to the remaining gross monthly fixed compensation until the end of the term of office for the dismissed members of the Supervisory Board/Management Board, i.e. until 2024.

"**Other provisions**" in the amount of 263,551 represent holidays that were not taken and electricity for pensioners.

CNTEE Tranelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

*(All amounts are expressed in LEI, unless otherwise provided)***11. Other taxes and social security liabilities**

On 31 March 2023 and 31 December 2022, other taxes and social security liabilities include:

	<u>31 March 2023</u>	<u>31 December 2022</u>
Contribution to social security funds	9,021,131	9,906,838
Salary tax	1,671,224	1,808,335
Other payable taxes	1,260,173	1,003,364
Total	<u>11,952,528</u>	<u>12,718,537</u>

On March 31, 2023, the Company registered payment liabilities for the contributions to social security funds, salary tax and other taxes, which were due and payable in April 2023.

12. Income tax

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

The income tax expense for the first quarter of 2023 and the first quarter of 2022 were as follows:

	<u>Quarter I 2023</u>	<u>Quarter I 2022</u>
Current income tax	20,947,360	3,256,882
Deferred income tax	(4,175,161)	(727,791)
Total	<u>16,772,199</u>	<u>2,529,091</u>

13. Operational revenues

These are revenues achieved by the Company by providing transmission and system services on the electricity market, by allocating the interconnection capacities, balancing market operation and other revenues.

The ANRE-approved tariffs for services provided on the electricity market in the first quarter of 2023 and the first quarter of 2022 were as follows:

	<u>Average tariff of transmission services</u>	<u>Tariff for system services</u>
Order No 33/23.03.2022 for the period 1 January to 31 March 2023	28,10	-
Order No 144/21.12.2022 for the period 1 January to 31 March 2023	-	7,73
Order No 124/25.11.2021 for the period from 1 January to 31 March 2022	23,96	9,32

The average electricity transmission tariff has two components: one for electricity introduction into the network (T_G) and one for electricity extraction from the network (T_L).

The electricity quantities delivered to consumers which were applied tariffs for services provided on the electricity market were as follows:

	<u>Quarter I 2023</u>	<u>Quarter I 2022</u>
Quantity of electricity delivered to consumers (MWh)	13,005,406	14,345,315

Operational revenues achieved in the first quarter of 2023 and first quarter of 2022 were the following:

	<u>Quarter I 2023</u>	<u>Quarter I 2022</u>
Transmission revenues	367,980,051	342,653,430
Revenue from the allocation of interconnection capacities	102,258,665	69,590,515
Revenue from reactive electricity	3,422,681	554,686
Inter TSO Compensation (ITC) revenues	422,453	211,248
CPT transaction revenues	12,865,886	5,782,250

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

	Quarter I 2023	Quarter I 2022
Transmission revenues – total	486,949,736	418,792,129
Revenues from technological system services	100,644,860	134,053,961
Revenue from unplanned/planned exchanges-FSKAR-Ukraine	-	7,532
Revenue from system services - total	100,644,860	134,061,493
Revenues from the balancing market	507,918,766	665,038,635
Revenues from other services and other operational revenues	12,282,471	12,611,174
Revenues from capitalisation of CPT	-	-
Other revenues	12,282,471	12,611,174
Total revenues	1,107,795,833	1,230,503,431

Revenue from transmission services

Revenues from transmission service increased in the first quarter of 2023 compared to the first quarter of 2022 by 25,326,621, due to the increase in the average tariff for transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above), while the quantity of electricity delivered to clients decreased by 9.34%, i.e. by 1,339,909 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacities increased in the first quarter of 2023 compared to the first quarter of 2022 in the amount of 32,668,150, corresponding to the utilization degree of available interconnection capacities by traders on the electricity market.

The market allocating the interconnection capacities is fluctuating and prices develop depending on the demand and need of participants on the electricity market to procure interconnection capacity. The increase during the studied period is determined both by the unit price of electricity which has increased across the European Union, leading to a large price differential between the coupled markets, and by the European energy shortage. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the electricity price on European exchanges.

The mechanism allocating the interconnection capacities consists of annual, monthly, daily and intra-day bids. The annual, monthly and intraday (only on the border with Serbia) bids are explicit - only transmission capacity is bided, while the daily (borders with Hungary, Bulgaria) and intraday (borders with Hungary and Bulgaria) bids are implicit - they are allocated simultaneously with energy and capacity through the coupling mechanism.

On 8 June 2022, the Core FB MC (Core Flow-Based Market Coupling) project was put into operation, thus initiating the coupling of the day-ahead market on a flow basis 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).

As of 27 October 2021, the Romania-Bulgaria border has been integrated into the Single Day-Ahead Market Coupling (SDAC), with cross-border capacity between Romania and Bulgaria allocated by default.

As of November 2019, the 2nd wave of the Single Intraday Coupling (SIDC) European Single Intraday Market Coupling solution has been launched. The Single Intraday Market Coupling mechanism ensures the seamless matching of bids and offers of market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity is available. Thus, explicit intraday auctions are only on the border with Serbia, while on the borders with Bulgaria and Hungary they are implicit (within the 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 5 June 2019 on the internal market in electricity, as a source of financing investments for the modernization and development of interconnection capacity with neighbors systems.

Extending market coupling has the effect of levelling the price of energy in Europe, which is also one of the main objectives of Regulation (EU) 2015/1222 "laying down guidelines on capacity allocation and congestion management".

Inter TSO Compensation (ITC) revenues

In the first quarter of 2023, revenues generated from the application of the ITC Mechanism increased by 211,205 compared to the same period in 2022.

CNTEE Tranelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

These revenues primarily come from scheduled electricity exchanges with perimeter countries (countries that are not part of the ITC Mechanism), namely Ukraine and Moldova. As of September 1, 2022, the tariff for exchanges with perimeter countries was increased from 0.6 EUR/MWh to 1.2 EUR/MWh, which led to an increase in revenues compared to the same period last year. Additionally, in February and March 2022, exchanges with Ukraine were greatly reduced due to the onset of the armed conflict in the region, while exchanges with Moldova only began in October 2022.

Revenues from CPT transactions

Revenues from energy trading for CPT were mainly obtained from the sale of excess energy resulting from the difference between long- and medium-term forecasts and short-term forecasts on the Intrazilnic Market administered by OPCOM, and from the difference between forecasted and actually realized CPT on the Balancing Market. These revenues were higher in the first quarter of 2023 compared to the first quarter of 2022, with a sum of 7,083,636.

In the structure of these revenues, transactions on the Intrazilnic Market were lower than those realized in the previous year, given that a large part of the necessary CPT was purchased on long-term markets through the MACEE (Centralized Energy Purchasing Mechanism) mechanism and through bilateral contracts, while prices on short-term markets decreased compared to the previous year. Transactions on the Balancing Market were higher than those realized in the previous year, especially due to the fact that more intervals with negative balancing prices were recorded.

Revenues from technological system services

Revenues from technological system services decreased in the first quarter of 2023 compared to the first quarter of 2022 by 33,409,101, due both to the decrease in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period under review, presented above) and to the reduction in the quantity of electricity delivered to consumers by 9.34%, i.e. by 1,339,909 MWh.

In the first quarter of 2023, technology system services revenue was lower by 9,001,282 compared to the technology system services procurement expense realized.

The regulatory framework specific to technological system services contains regularisation mechanisms compensating the excess or deficit of revenues as compared to expenses necessary for such activities. Thus, according to ANRE regulations the revenue surplus/deficit against the recognised costs resulting from such activities is to be compensated by ex-post tariff (negative/positive) correction applied by ANRE into the tariff in the years following that when such surplus/deficit was recorded. The revenue surplus/deficit against costs resulting from such activities is calculated for tariff scheduling periods.

Revenue on the balancing market

Revenues on the balancing market decreased in the first quarter of 2023 compared to the first quarter of 2022 by 157,119,869, mainly due to the following:

- national regulations on the electricity market, namely GEO No 153 of 11 November 2022 *for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy and the amendment of GEO No 119/2022 for the amendment and completion of GEO No 27/2022 on measures applicable to final customers in the electricity and natural gas market for the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy;*
- European legislative regulations on the energy market;
- energy market developments at European and regional level;
- how to achieve contracting in pre-balancing markets;
- the evolution of hydropower and wind generation;
- the evolution of electricity production and consumption;
- the evolution of the negative/positive imbalance of electricity suppliers in the balancing market;
- the evolution of the average price recorded on the balancing market.

14. System operation expenses and on the balancing market

Expenses in the first quarter of 2023 compared to the first quarter of 2022 are as follows:

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

	Quarter I 2023	Quarter I 2022
Expenses regarding one's technological consumption	147,249,884	255,366,490
Congestion expenses	-	157,055
Expenses regarding electricity consumption in RET substations	11,076,496	11,783,383
Expenses regarding functional system services	-	-
Inter TSO Compensation (ITC) expenses	13,172,923	6,236,501
Total operational expenses	171,499,303	273,543,429
Expenses regarding technological system services	109,646,142	121,301,215
Balancing market expenses	507,871,005	657,086,973
Total	789,016,450	1,051,931,617

Expenses regarding one's technological consumption

This represents expenses on the purchase of electricity from the free electricity market, i.e. the Centralised Bilateral Contracts Market (CBMP), the Day-ahead Market (DMP), the Balancing Market (BE) and the Intraday Market (IP) to cover own technology consumption (OTC) in the RET.

Expenses on own technology consumption was lower by 108,116,606 in the first quarter of 2023 compared to the first quarter of 2022, due to a number of issues as follows:

- Due to its characteristics, the Own Technological Consumption (CPT) in the Electricity Transmission Network (ETN) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little/not controllable in a regional interconnected and coupled power market;
- following the provisions of GEO no. 153/2022, CNTEE Transelectrica SA purchased electricity to cover 75% of the quantity of the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 lei/MWh;
- The provisions of GEO 153/2022 were also applied to the other network operators, which led to a decrease in the quantities traded on the short-term markets by more than 35% and in the energy prices on these markets. Thus, the average price of energy purchased on the PZU in the first quarter was 633.51 lei/MWh, lower compared to the price in the same period of 2022, but still higher than the average purchase price for 2020, 2021.

Congestion expenses

Congestions (grid constraints) are requests for transmission of electricity beyond the technical capacity limits of the grid, requiring corrective action by the transmission system operator, and occur when, during scheduling or real-time operation, the movement of power between two nodes or system areas leads to non-compliance with safety parameters in the operation of an electricity system.

In the first quarter of 2023, there were no congestion expenses.

Expenses regarding the electricity consumption within RET substations

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

In the first quarter of 2023, these expenses amounted to 11,076,496, comparable to the first quarter of 2022 expenses of 11,783,383.

Inter TSO Compensation (ITC) expenses

They represent monthly payment liabilities/collection rights of each transmission & system operator (TSO). They are established under the compensation/settlement mechanism for the effects of using the electricity transmission grid (RET) for electricity transits in-between TSO-s of the 35 countries that adhered to such mechanism within ENTSO-E. In the first quarter of 2023, this expense was 6,936,422 higher than in the same period of the previous year.

The factors influencing the cost/revenue values with the ITC mechanism are the electricity exchanges - import, export, transit on the interconnection lines of the SEN, correlated with the electricity transit flows at the level of all countries participating in the mechanism.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

Expenses regarding technological system services

The Company procures such services from producers in order to provide and maintain safe operation of SEN as well as electricity quality while being transmitted at parameters required by applicable technical norms based on needs established by the National Power Dispatcher (organizational unit of the Company) liable to provide stability and safe operation of SEN.

The procurement of system technology services shall be carried out on a competitive basis through daily tenders in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019.

In the first quarter of 2023, CNTEE Transelectrica SA contracted Reactive Energy from Hidroelectrica S.A. (the only supplier qualified to provide this service), according to the achievements confirmed by the National Energy Dispatcher, at the price set by ANRE Decision no.1078 of 29.06.2020.

Technology system services expenses decreased in the first quarter of 2023 compared to the first quarter of 2022 by 11,655,073. System services purchase prices in the competitive market in the first quarter of 2023 remained around the following values:

- the average procurement price of the secondary regulation reserve with the value of 85,00 lei/MWh;
- the average procurement price of the fast tertiary regulating reserve, at increasing power, with the value of 50,00 lei/MWh;
- the average procurement price of the fast tertiary regulation reserve, at decreasing power, with the value of 12,00 lei/MWh.

Also, in the first quarter of 2023 there was a high level of concentration in the system technology services market for secondary reserve (SR) technological system services.

For the next period from 2023, we estimate that a significant impact on the evolution of costs for the procurement of technological system services through daily and one-way bids, at CNTEE Transelectrica SA level, will be the evolution of ANRE's regulatory framework on the electricity market, as well as the European context of evolution of the electricity market.

Balancing market expenses

The balancing market expenses of 507,871,005 in the first quarter of 2023 were 149,215,968 lower than in the first quarter of 2022. Such expenses result from the notifications/achievements of participants on this market.

15. Amortisation

	Quarter I 2023	Quarter I 2022
Amortisation of tangible and intangible assets	63,266,168	60,660,813
Amortisation expense on intangible assets - additional CPT	16,926,334	-
Amortisation of assets related to rights of use of leased assets	1,988,059	1,988,060
Total	82,180,561	62,648,873

Amortisation of tangible and intangible assets in the amount of 63,266,168 represents the amortisation recorded in the first quarter of 2023, corresponding to the commissioning of investment works and acceptance of assets.

Amortization of intangible assets - additional CPT in the amount of 16,926,334. These expenses were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting specifications in application of the provisions of Article III of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 on the measures applicable to end clients in the electricity and natural gas market for the period 1 April 2022-31 March 2023, and for the amendment and completion of certain regulatory acts in the energy sector.

According to Article III of GEO no. 119/2022 and approved by Law no. 357/13.12.2022, for licensed economic operators providing electricity transmission services, the additional costs for the purchase of electricity made between 1 January 2022 and 31 March 2025, in order to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised on a quarterly basis and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Amortisation of intangible assets recognised under IFRS 16 in the amount of 1,988,059 (the Company operates partly in rented office premises). Under IFRS 16 - Leases, the right to use the Company's leased premises in the Platinum office building at 2-4 Olteni Street is recognised as an asset measured at the level of the rent to be paid by the end of the lease. The asset recognised under IFRS 16 is depreciated at the level of the monthly rent and is recorded under the indicator "depreciation and amortisation of tangible and intangible assets".

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

*(All amounts are expressed in LEI, unless otherwise provided)***16. Personnel expenses**

	Quarter I 2023	Quarter I 2022
Salary expenses	64,909,443	54,433,825
Social expenses	943,690	544,019
Expenses on tickets granted to employees	3,388,050	2,254,000
Expenses for mandate contracts and other committees, commissions	1,202,196	979,683
Social security and protection expenses	4,905,495	4,649,984
Provisions constituted for salary expenses and assimilated	(826,196)	(2,051,943)
Other expenses	7,242	51,601
Total	74,529,920	60,861,169

Total staff costs incurred in the first quarter of 2023 show an increase compared to the first quarter of 2022, mainly due to increases in some expenditure items such as: expenses on staff salaries, social expenses, expenses on vouchers granted to employees, expenses related to the mandate contract and other committees, commissions, as well as the reversal to income of part of the provisions set up for the revoked executive and non-executive directors representing compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with payments made on the basis of enforceable court rulings received by the Company.

17. Other operational expenses

	Quarter I 2023	Quarter I 2022
Other expenses with services executed by third parties	24,578,351	16,991,918
Postal expenses and telecommunication fees	192,358	93,669
Royalties and rents	1,566,484	1,464,078
(Net) operational expenses on impairment allowances for current assets	(27,652)	572,028
Other expenses, of which:	19,629,854	2,349,459
- <i>(Net) expenses with provisions for other operational expenses</i>	<i>(11,834)</i>	<i>(10,707,454)</i>
- <i>expenses on compensation under mandate for OAVT-s according to court rulings</i>	<i>799,429</i>	<i>1,787,623</i>
- <i>Tax and charge expenses (ANRE fee, natural monopoly tax, other local taxes and charges)</i>	<i>7,112,798</i>	<i>4,810,188</i>
- <i>expenses on international dues</i>	<i>1,747,227</i>	<i>1,454,224</i>
- <i>expenses on electricity procured for administrative consumption</i>	<i>337,184</i>	<i>1,306,024</i>
- <i>expenses on purchased natural gas</i>	<i>678,879</i>	<i>882,327</i>
- <i>travel expenses</i>	<i>1,131,946</i>	<i>637,201</i>
- <i>expenses on goods</i>	<i>668,759</i>	<i>405,177</i>
- <i>sponsorship expenses</i>	<i>177,574</i>	<i>400,820</i>
- <i>staff transport costs</i>	<i>543,168</i>	<i>347,939</i>
- <i>expenses on fines and penalties, mainly from disputes</i>	<i>631</i>	<i>316,631</i>
- <i>other operating expenses not deductible for tax purposes</i>	<i>7,262,761</i>	<i>51,390</i>
- <i>other operating expenses</i>	<i>(818,668)</i>	<i>657,369</i>
Total	45,939,395	21,471,152

In the first quarter of 2023, these expenses increased by 24,468,243 compared to the first quarter of 2022, mainly due to changes in some expense items such as:

- increase in some expense items, namely: expenses on civil protection and security, expenses on the implementation of pan-European codes, expenses on taxes, duties and similar charges etc.;
- recording of the amount of 7,262,761 under other operating expenses non-deductible for tax purposes, mainly representing the recognition on the Company's operational costs of two investment projects "Consolidation, modernization and expansion of CNTEE Transelectrica SA - Magheru headquarters" and "Implementation of an Electronic Filing and Document Management system within CNTEE Transelectrica SA";
- reversal to income of the adjustment for impairment of the investment objective "Consolidation, modernisation and extension of CNTEE Transelectrica SA - Magheru",
- decrease in certain items of expense, mainly expenses paid under enforceable court rulings awarded to former executive and non-executive members dismissed as compensation under the 2020 mandate contracts for the period 2020-2024.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

*(All amounts are expressed in LEI, unless otherwise provided)***18. Net financial result**

	Quarter I 2023	Quarter I 2022
Interest revenues	846,656	244,734
Revenues from exchange rate differences	15,757,182	1,412,283
Other financial revenues	288,268	26,645
Total financial revenues	16,892,106	1,683,662
Interest expenses	(1,318,583)	(1,672,751)
Expenses from exchange rate differences	(13,945,376)	(2,103,845)
Other financial expenses	(242,140)	-
Total financial expenses	(15,506,099)	(3,776,596)
Net financial result	1,386,007	(2,092,934)

On 31 March 2023, the Company recorded a net financial result (profit) in the amount of 1,386,007. This was mainly influenced by the interest applied/recorded during the period under review, but also by the evolution of the exchange rate of the national currency against the euro.

On 31 March 2023, in the total amount of 1,318,583 (interest expense), the amount of 217,297 represents interest calculated on fixed assets related to the rights of use of leased assets - buildings, as required by IFRS 16 - Leases.

The increased level of foreign exchange income and expenses was significantly influenced by the high volume of transactions related to the market coupling business segment in conjunction with the evolution of the exchange rates of the national currency against the euro.

Other financial income/other financial expenses mainly represent the recording of Transelectrica's exit from the shareholding of SELENE CC, according to the sale-purchase agreement of shares issued by SELENE CC. On 08.02.2023, the amount mentioned in the contract was received in full by Transelectrica from the buyers under the contract, by bank transfer.

The exchange rate of the national currency recorded on 31 March 2023 compared to that recorded on 31 March 2022 is as follows:

Currency	31.03.2023	31.03.2022
Lei / EUR	4.9491	4.9466
Lei / US Dollar	4.5463	4.4508

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

The managerial team regularly analyses the ongoing disputes, and after consulting with legal representatives decides the need to create/cancel provisions for the amounts involved or their introduction into financial statements.

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

- **AUTONOMOUS PUBLIC COMPANY FOR NUCLEAR ACTIVITIES (RAAN)**

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

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

The Company filed appeal and requested the Law Court to decide in the ruling to be pronounced to admit the appeal as filed, to cancel the decision and sentences appealed against, refer the case to the territorial competent court for judgment, and to ascertain fulfilment of requirements from articles 1616-1617 of the Civil Code, reason for which it

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

was also required to declare the occurrence of mutual debts compensation and their redemption up to the smallest amount among them, namely the total amount requested by the plaintiff in the application for summons, ordering the appeal - plaintiff to pay the expenses made with this appeal.

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

Ruling 124/2017 of the Appeal Court of Craiova admitted the appeal filed by Transelectrica and cancelled sentence 127/2014 pronounced by Mehedinti Tribunal, while the case was referred for retrial to Bucharest Tribunal, Section VI Civil. On the docket of the Bucharest Tribunal the case was registered under no. **40444/3/2017** which by civil ruling 4406/04.12.2017 admitted the request filed by RAAN and ordered Transelectrica to pay the amount of 1,090,831.70 Lei. The sentence was appealed against. The Bucharest Court of Appeal's resolution: it denied the appeal as groundless; final. It was ruled in open court on 13.12.2018.

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

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

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

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

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

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

Transelectrica appealed within the legal time limit. On the 06.11.2019 term the Appeal Court Craiova decided rejecting Transelectrica's appeal as groundless; final. Ruling no 846/06.11.2019.

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

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

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

On the 03.02.2021 hearing term ICCJ admitted the exception of tardive review request and did not pronounce on its inadmissibility.

There are four more files between RAAN and Transelectrica found under various judgment stages.

Under RAAN's bankruptcy file registered under number 9089/101/2013 Mehedinti Tribunal deferred the case on the terms 08.10.2020 and 04.02.2021. Settlement in brief: term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' table, to continue measures in view of recovering receivables and further public bids in order to capitalize the debtor's assets.

On the 14.10.2021 term the case was deferred and the settlement in brief was: "it granted term to continue the procedure, namely to capitalize the assets and carry out the other liquidation activities".

The case the case was deferred to 10.02.2022, the summary decision being: 'for the conduct of the proceedings, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. The parties will be summoned by the BPI' and the next hearing is set for 02.06.2022.

At the 02.06.2022 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets,

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

the collection of claims and the completion of the other liquidation operations and the next term is set for 06.10.2022.

At the 06.10.2022 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of claims and the completion of the other liquidation operations and the next term is set for **09.02.2023**.

At the hearing of 09.02.2023, a time limit was granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of claims and the completion of the other liquidation operations and the next hearing is set for **15.06.2023**.

• ROMANIAN COURT OF AUDITORS

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

On 13.06.2018 the claimant’s suit was partly admitted. It cancelled a part of conclusion 7/20.02.2014, decision 37/9.12.2013 and the audit report 35521/6.11.2012 issued by the defendant with respect to the measures in the above decision indicated in points I.1, I.3, I.6, I.8, I.11, II.14, II, 15, II.17, II.18, II.20, II.21, II.22 and partially the measure of pt. II.13, meaning to remove the phrase “including what has been found about the invoices issued by Florea Administrare Imobiliara SRL”. The court rejected the remainder of the claimant’s request as groundless. It standardised the electric power expertise report executed for this case by expert Toaxen Vasile. It compelled the defendant to pay 121,375 Lei law suit expenses to the claimant (partially expert fees and judiciary stamp tax). Document: Ruling 2771/13.06.2018.

At the High Court of Cassation and Justice, case number 1658/2/2014 became case number **2985/1/2021**. The term for the hearing is **24.11.2022**. At the hearing of 24.11.2022, solution of the appeal: the court finds that the appeal formulated by the claimant National Electricity Transmission Company Transelectrica SA against Judgment No 8 of 20 January 2021 of the Bucharest Court of Appeal - Administrative and Fiscal Litigation Section VIII, delivered in case No 6576/2/2017, is null and void. Final.

As result of an audit conducted in 2017 the Court of Audit issued certain measures to be implemented by the Company as it ascertained certain deficits. CNTEE Transelectrica SA filed 8 contestations against the measures decided by Romania’s Court of Audit (CCR) by Decision 8/27.06.2017, requesting their cancellation as well as cancelling the Conclusion 77/03.08.2017, registered in the Company under number 29117/08.08.2017, and the Audit Report 19211/26.05.2017. Contestations are under settlement - on the docket of the Bucharest Court of Appeal (2 files: 6576/2/2017 pertaining to cancelling the findings regarding item 13, and the measure decided in item II.13, term: 20.01.2021, settlement: the exceptions of inadmissibility claimed in the summons were rejected; the request was rejected as groundless - Transelectrica filed a second appeal on 19.11.2021, and casefile no. **6581/2/2017** on cancelling the findings from item 6, and the measure decided in item II.9, hearing term on **31.03.2023**: According to the minutes of 29.03.2023, case No 6581/2/2017 was referred to the 12th formation of the Administrative and Fiscal Disputes Chamber VIII under No **6581/2/2017*** (on **31.03.2023**). The judgment will be delivered by making the decision available to the parties through the registry of the court. At the hearing on 13.04.2023, in order to give the parties the opportunity to submit written submissions, adjourns the judgment to **28.04.2023**, on the docket of the High Court of Cassation and Justice (4 files: **6577/2/2017** on cancelling the findings from item 13, and the measure decided in item II.13, which became file **1614/1/2020**, hearing term set on 27.01.2022, dismissing the appeal filed by the claimant, Compania Națională de Transport al Energiei Electrice Transelectrica S.A., against Ruling no. 2678 of 30 December 2019 of the Bucharest Court of Appeal - Administrative and Fiscal Disputes Section VIII, delivered in Case no. 6577/2/2017, as groundless. Final, Case no. **6578/2/2017**, on cancelling the findings s in paragraph 9, as well as the measure ordered in paragraph II.11, hearing date 28.06.2022, dismissing, as untimely filed, the appeal filed by the claimant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the civil ruling no. 1566 of 23 April 2019, delivered by the Bucharest Court of Appeal - Administrative and Fiscal Disputes Section VIII, regarding the decision ordered on the. Dismisses the appeal brought by the claimant Compania Națională de Transport de Energiei Electrice Transelectrica S.A. against the same ruling, as regards the decision on the cancellation request, as groundless. Final, case no. **6574/2/2017** on cancelling the findings in paragraph 5.2, as well as the measure ordered in paragraph II.8, hearing date 19.10.2021- Dismisses the appeals filed by the recurrent-claimant Compania Națională de Transport de Energiei Electrice Transelectrica S.A. against Civil Ruling no. 1074 of 8 March 2018 and the Hearing conclusion of 11 January 2018, pronounced by the Bucharest Court of Appeal - VIII Administrative and Fiscal Disputes Section, as groundless. Three files were settled for good by cancellation request rejected by the Bucharest Court of Appeal and appeals denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings from item 5.1, and the measure decided in items II.7 and II.8 and file 6582/2/2017 on cancelling the findings from item 11, and the measure decided in item I.5; file 6580/2/2017 on cancelling the findings from item 10, and the measure decided in item II.12).

In January-July 2020 Romania’s Court of Audit was in control in all Territorial Transmission Units of CNTEE Transelectrica, and in 25.05-27.08.2020 such audit continued in the Company’s executive branch. CCR’s audited issue was “control on the circumstances, development and administration of the state’s public and private domains, and the legality of revenues achieved and expenses made in 2017-2019” in CNTEE Transelectrica SA.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

The audit on the above-mentioned topic began 25.05.2020 in the Company's executive offices and was suspended by CCR because it started another audit pertaining to "control on the management of public resources during the emergency state". It began on 02.06.2020 and was completed on 26.06.2020.

The audit report elaborated by CCR auditors about the "control on the management of public resources during the emergency state", registered in the Company under no. 24225/26.06.2020 did not find deficiencies therefore no Decision was issued to provide measures to be taken.

When the audit on the administration of the state's public and private domains and on the legality of revenues achieved and expenses made in 2017-2019 has been completed on 06.10.2020 Audit Report 40507/06.10.2020 was issued, and on 09.11.2020 Romania's Court of Audit issued Decision 15 by Department IV, which decision contained 10 measures with completion term on 31.05.2021, but CCR upon Company request extended such term until 31.12.2021.

The Company filed objections and submitted Contestation 50090/26.11.2020, registered by the Court of Audit under no. 139775/26.11.2020, and requested it to cancel the measures. CCR's auditors examined and studied the Contestation submitted by the Company and Conclusion 2 of 10.03.2021 admitted cancelling only one measure of the 10 required.

On 02.04.2021, the Company filed an appeal for the cancelation of the administrative act, file registered at the Bucharest Court of Appeal under no. **2153/2/2021**. On the 10.12.2021 hearing, the CAB rejects the summon filed by the claimant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE "Transelectrica" SA against the defendant ROMANIAN COURT OF AUDIT, as groundless. Dismisses the suspension request as groundless. With a right of appeal within 15 days of communication and with a right of appeal within 5 days of communication in respect of the head of claim concerning the suspension; the application for appeal to be filed with the Bucharest Court of Appeal.

• OPCOM

The Bucharest Court has registered the case no. **22567/3/2019**, which has as subject matter "claims", a case in which the Company is the claimant, the defendant being OPCOM SA.

By its summon, the claimant CNTEE Transelectrica SA requested the court to order in its ruling:

- Compel the defendant OPCOM SA to pay the amount of 4,517,460 lei, relating to invoice number TEL 16 AAA No 19533/29.07.2016, representing the VAT equivalent of the contribution made by CNTEE Transelectrica SA to the share capital of OPCOM SA, issued on the basis of Loan Agreement No 7181RO/2003, a commitment to finance the investment project 'Electricity Market Project';

- Compel the defendant OPCOM SA to pay the amount of RON 1,293,778.27 relating to invoices TEL 19 T00 No 17/28.01.2019 and TEL 19 T00 No 131/10.07.2019, representing the statutory penalty interest calculated for non-payment on time of the invoice series TEL 16 AAA No 19533/29.07.2016.

- Compel the defendant OPCOM SA to pay the costs.

On the hearing of 03.07.2020, the court discussed the suspension request in case no. 22567/3/2019, made by OPCOM, and the case remained pending.

At the hearing of 17.07.2020, the court issued the following summary decision: suspends the case until the final resolution of the case no. 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final). With appeal for the entire period of suspension. Pronounced by making the decision available to the parties through the court registry today, 17.07.2020. Document: Order - Suspension 17.07.2020.

After the final settlement of **case no. 31001/3/2017**, CNTEE Transelectrica SA filed a request to reopen case no. 22567/3/2019, as the reason for the suspension of the case no longer existed. The Bucharest Court has resumed the case, setting a hearing date of 05.11.2021.

At that hearing, following the appeal, the court gave the parties the floor on the 'plea of limitation of the substantive right of action'. After the oral submissions of the parties on this objection, the court postponed the ruling and adjourned the hearing until 3 December 2021.

On 03.12.2021, the Bucharest Court of Justice rendered the following settlement in brief: "Admit the exception of the limitation of the substantive right of action. Dismisses the action as time-barred. With the right to appeal within 30 days from the date of communication, to be submitted to the Bucharest Court, Civil Section VI. Pronounced by making the decision available to the parties through the court registry, today, 03.12.2021. Document: Ruling 3021/2021 03.12.2021".

The company appealed.

The court dismisses the appeal as groundless. Orders the recurrent to pay the defendant, the sum of 11,325.21 lei by way of law suit expenses. With appeal within 30 days from the communication of the decision. Delivered today, 12 October 2022, by making the decision available to the parties through the court registry: Ruling 1532/12.10.2022.

The Bucharest Court of Justice is hearing case no. **24242/3/2021**, in which OPCOM SA is the claimant and CNTEE Transelectrica SA is the defendant.

This case concerns the nullity of the act - contribution in kind, materialized by intangible assets, trading platform - Commercial Exchange and Regional Electricity Exchange, financed by loans contracted by CNTEE Transelectrica SA from the BIRD, based on loan contract no. 7181RO/17.07.2003, and from CNTEE Transelectrica SA's own sources,

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

which were carried out on the basis of service and deliverable contracts no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by AGEA Resolution no. 6/15.06.2016 and, subsequently, AGOA Resolution no. 2/25.05.2017 and AGOA Resolution no. 7/24.05.2018.

On the 11.04.2022 hearing, the court discussed the objections raised by CNTEE Transelectrica SA in its statement of defence. The evidence proposed to be taken in this case was also discussed in this hearing. The Court adjourned the case to the term set for **22.11.2022**, in order to administer the evidence of the financial-accounting expert's report to be carried out in this case. After several adjournments, the next hearing was set for **16.05.2023** for the missing expert report.

• **CONAID COMPANY SRL**

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

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

The file was registered under no. 12107/3/2017 on the docket of Bucharest Tribunal. The Tribunal’s civil sentence 4364/23.11.2017 admitted the exception of inadmissibility and denied the request as inadmissible. It also denied the intervention request on the claimant’s behalf. Appeal right granted within 30 days from notification. The appeal was filed to the Appeal Court Bucharest, Section VI Civil and the court clerk office notified it on 23.11.2017.

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

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

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

It was deferred in order to bring the expertise evidence and a new term was established on 21.01.2020.

On 21.01.2020 the case was deferred provide the expertise and the next term was established on 31.03.2020.

On the 31.03.2020 term the settlement in brief was: Lawfully suspended according to article 42 para 6 from the Decree 195/2020 of Romania’s president instituting the emergency state on Romanian territory, during the entire emergency period.

After several deferrals, the next hearing term is set for 28.09.2022 for the expert evidence.

On 28.09.2022, the case was deferred for lack of reply to the objections and the next hearing term is on 07.12.2022.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

On 07.12.2022, the case is adjourned for lack of reply to the objections and the next hearing term is granted on 22.02.2023 and subsequently on **03.05.2023** also for the same case.

• **ROMENERGY INDUSTRY**

File no **2088/107/2016** on the docket of Alba Tribunal pertained to “Bankruptcy & request to be admitted in the creditors’ list”.

Transelectrica filed request to be recorded in the creditors’ list with 16,112,165.18 Lei and the receivable was admitted and registered in the preliminary table.

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

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

On 11.05.2020 judgment was lawfully suspended during the emergency state instituted in Romania.

On the 22.06.2020 term the case was deferred; settlement in brief: the report was admitted about the funds obtained from liquidating the debtor’s assets and the distribution plan of 03.06.2020.

On the 05.10.2020 term the case was deferred; settlement in brief: term was established on 18.01.2021 to continue the bankruptcy procedure by capitalizing the assets and recovering the receivables.

On the 18.01.2021 term the case was deferred; settlement in brief: Report 1334 was approved about the funds obtained from liquidating the debtor’s assets and Plan 1335 for funds distribution.

On the 27.09.2021 term a new hearing term was set on 31.01.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

On the 27.09.2021 term a new hearing term was set on 31.01.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables

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

On the 16.05.2022 term, a new hearing term was set on 19.09.2022, to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

On the 19.09.2022 term, a new hearing term was set on 12.12.2022 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables.

At the hearing term of **12.12.2022**, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating partner Bica Rosana. On the basis of Art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy proceedings concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the deletion of the debtor company from the Trade Register. Pursuant to the provisions of Article 180 of the Law, the bankruptcy judge and the liquidator are discharged from any duties or responsibilities with regard to the proceedings, the debtor and its assets, creditors and associates. With the right of appeal within 7 days of notification by the BPI.

• **MUNICIPALITY OF REȘIȚA**

File no **2494/115/2018*** registered on the docket of Caras Severin Tribunal pertains to summons whereby the claimant Resita City requests compelling defendant Transelectrica SA to pay the following amounts:

- 2,129,765.86 lei, representing rent for the land temporarily taken up from the forest fund in 2015;

- 2,129,765.86 lei, representing the land rent for 2016;

- 2,129,765.86 lei, representing the land rent for 2018;

- 2,129,765,86 lei, representing the land rent for 2019;

- 2,129,765.86 lei, representing the land rent for 2020;

- Legal penalty interest from due date until actual payment.

Settlement in brief: It admitted the exception of territorial incompetence for Caras Severin Tribunal. It declined the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant CNTEE Transelectrica SA in favor of Bucharest Tribunal. No appeal according to article 132 para 3 Civil Procedural Code. It was pronounced at public hearing on 11 March 2019. Document: Ruling 313/11.03.2019.

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

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

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

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

On the 22.03.2021 term settlement in brief: It suspended judging the summons filed by claimant Resita City through the Mayor in contradiction with the defendant National Power Grid Company Transelectrica SA pertaining to claims, according to article 413 para (1) pt. 1 Civil Procedural Code. Appeal granted during the entire judgment suspension, to the higher instance.

The case was suspended until the final decision in case no. 3154/115/2018* of the Court of Caras Severin.

At the hearing on 19.01.2023, the summary judgment is as follows: Dismiss the plea of untimeliness of the application as the defendant does not have the necessary standing to rely on the method of determining the stamp duty. Dismiss the plea of untimeliness of the application to amend the application. Adjourns the discussion of the plea of res judicata until the date on which the decision of the High Court of Cassation and Justice in Case No 3154/115/2018** is delivered in full. Postpones the ruling on the requests for evidence consisting of the defendant's cross-examination and the expert's report. Adjourns the case and sets a trial date of 02.03.2023.

At the hearing on **02.03.2023**, the short answer is as follows: suspends the proceedings on the claim for damages brought by the plaintiff Municipality of Resita against the defendant National Power Transmission Company "Transelectrica" SA, concerning claims. With right of appeal for the duration of the stay of proceedings.

- **SMART SA**

File No **15561/3/2022**, registered before the Bucharest District Court, concerns the application for a writ of summons, by which the plaintiff SMART SA requests that the defendant Transelectrica SA be ordered to pay the sum of 4,467,108 lei, representing the amount of tax liabilities relating to increased revenues as a result of the increase in the tax base resulting from the adjustment of revenues for 2014, 2015 and 2016 + legal costs.

At the hearing of 23.03.2023, a hearing term is set for **15.06.2023** in order to carry out the agreed expert report.

- **ANAF**

In 2017 a general fiscal audit was completed that had started in Transelectrica SA on 14.12.2011, control targeting the interval December 2005 – December 2010.

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

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

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

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

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

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

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

The Company requested cancellation of the enforcement title 13540/22.08.2017 from the Appeal Court, under file **7141/2/2017**. Settlement in brief: it admitted the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declined the material competence of case settlement in favor of Law Court of Bucharest 1; no appeal granted. It was pronounced at public hearing on 08.02.2018. Document: Ruling 478/2018 of 08.02.2018.

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

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

Settlement in brief: It admitted the judgment suspension request filed by the contester. In accordance with article 413 para (1) pt. 1 of the Civil Procedural Code it suspended judgment until final settlement of file 1802/2/2018, on the

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

docket of the Appeal Court Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right was granted during the entire suspension; appeal to be submitted to the Law Court Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

File **1802/2/2018** is on the Appeal Court docket whereby the Company contested the administrative fiscal Decision F-MC 439/30.06.2017.

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

At CAB's hearing term on 21.07.2020 pronouncement was deferred.

On 30.07.2020 the case was resumed on the docket for additional explanations.

At the 20.10.2020 term it admitted in part the request with the following settlement in brief: the suspended requests were partly admitted, Ruling 122/13.03.2018 was partly cancelled with respect to settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations; Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers; Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, and the Fiscal Inspection Report F-MC 222 concluded on 30.06.2017, which were used as grounds in issuing the taxation decision, meaning that: - it removed the obligation to pay the profit tax amounting to 18,522,280 Lei, the VAT amounting to 5,694,636 Lei and fiscal accessories pertaining to such main fiscal debits in quantum of 48,436,653 Lei, and the fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the claimant's management; - it cancelled the non-deductible nature of 27,001,727 Lei in the calculation of taxable income, which represent system technological services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit, and it compelled payment of the main fiscal liabilities and accessories associated to such amount; - it cancelled the non-deductible nature of 343,629.91 Lei in the calculation of taxable income, representing "services for weeds removal" and it compelled payment of main fiscal receivables and accessories related to such amount; - it cancelled the non-deductible nature of 230,685,491 Lei in the calculation of taxable income, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 46,417.1 Lei associated to 343,629,91 Lei representing "weeds removal services" and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 37,693.88 associated to 230,685.49 Lei, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the mention regarding the obligation of the Transmission Branch Sibiu within CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the verified unit was accepted to be recorded in the creditors' table by such amount, mention regarding the nature of taxable revenue when calculating the profit for 576,846.80 in accordance with the provisions of article 19 para 1 from Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with pt. 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003; the chapter regarding the income tax, namely Chapter VII Accounts operation of Order 3055 / 29 October 2009 approving the Accounting Regulations complying with European directives and the payment liability of main fiscal receivables and accessories related to such amount; - in the Minutes it cancelled the ascertainment with respect to "determining the deductible value added tax to a lower value than that registered by the claimant, thus resulting a difference in sum of 13,141 Lei" (annex 15), and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the payment liability of delay penalties which have a sanctioning juridical regime, calculated for more than 6 months from the beginning date of fiscal inspection with respect to the main fiscal liabilities maintained by the law court in this ruling, as established by Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, Taxation Decision F-MC 439/30.06.201 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations. It maintained the other provisions of Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers. It denied the other suspended requests as groundless. It denoted as groundless the request to grant law court expenses consisting of the stamp judiciary fee. It compelled the defendants to jointly pay the claimant the law court expenses amounting to 4,000 Lei, representing fee for the execution of accounting-fiscal expertise, proportional to the request admittance. **Appeal right** granted within 15 days from communication, to be submitted to the Appeal Court Bucharest. **Ruling 382/20.10.2020.**

The parties filed an appeal in March 2022.

On 12.04.2022, the Bucharest Court of Appeal defers the case to **10.05.2022**, in order to give the claimant the opportunity to take cognizance of the content of the statement of defense.

At the hearing of 24.05.2022, CAB rejects as groundless the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in so far as it states that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated to be correct by way

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

of principal and ancillary tax liabilities. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested ruling. Appeal within 15 days of notification.

The parties appealed. The case is in the filter procedure at the ICCJ.

• OTHER

The Company is involved in significant disputes specially to recover trade receivables (e.g.: Petprod SRL, Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brăila, CET Govora, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Opcom, Menarom PEC SA Galați and others).

The Company registered impairment allowances for value losses in case of clients and other litigated receivables, as well as for bankrupt clients.

At the same time, the Company is involved in disputes with former members of the Management and Supervisory Boards regarding the mandate contracts concluded between them and the Company. The Company has made provision for these disputes.

ii) Contingencies

As at 31 March 2023, **contingent liabilities** amount to 36,303,031 lei. These relate to disputes concerning claims for additional costs following the increase in the minimum wage in the construction sector for investment contracts.

- *File No 20780/3/2020 - claimant ENERGMONTAJ SA (7.092.389)*

The subject-matter of the case is the claim for updating the value of the contract in respect of additional costs relating to the increase in the minimum wage in the construction sector and an order for the conclusion of an addendum to contract C54/2018.

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

At the hearing on **24.04.2023**, the summary judgment is: "Admit in part the application for the summons brought by the applicant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the applicant the sum of EUR 802,886.12, exclusive of VAT, representing the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month for the works carried out under Works Contract No. C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Additional Act to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the sum of EUR 1,468,039.77, excluding VAT, representing the costs generated by the increase in the minimum wage in the construction sector to the sum of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the application as unfounded. Orders the defendant to pay the applicant the sum of 171,104.06 lei by way of costs. With right of appeal within 10 days of communication. The application for leave to appeal shall be lodged with the Bucharest Court, Civil Division VI. Pronounced by making the decision available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 **24.04.2023**."

- *File No 25896/3/2020 - claimant Electromontaj București (10.000.000)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C229/2015 - *Switching to 400 kV voltage of the Portile de Fier - Resita - Timisoara - Sacalaz - Arad /LEA 400 kV Portile de Fier (Anina) - Reșița axis*.

Hearing term: 25.08.2022 - submission of expert report.

At the hearing on 25.08.2022, ruling was deferred until 13.09.2022. On 13.09.2022, the TMB rejects the objections to the expert's report in the field of accounting submitted by the defendant as groundless. Admit the objections to the expert's report in the field of accounting submitted by the applicant. An address will be issued to the expert Cojocaru Mihaela with the mention to reply to the objections and to file the reply. With appeal against the merits.

In view of the absence of the expert's report, for the submission of the expert's report, adjourns the case .

Hearing term: **16.05.2023**.

- *File No 27001/3/2021 - claimant Romelectro (3.523.710)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C264/2017 - *Modernisation of the 110 kV Bacău Sud and Roman Nord stations on the 400 kV Moldova axis*.

At the hearing on 28.04.2023, the case is adjourned for lack of expert report.

- *Case No 22368/3/2021 - claimant Romelectro (2.275.653)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C260/2017 - *Modernisation of 110 and 400(220) kV installations in Focșani West station*.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

At the hearing on 24 June 2022, dismisses the application as unfounded. Appeal within 10 days of service. The application for appeal shall be lodged with the Bucharest Court - Civil Section VI. Document: Judgment No 1555/2022.

- *File No 30801/3/2021 - claimant Romelectro (2.271.075)*

The case concerns claims for additional costs related to the increase of the minimum wage in the construction sector for the investment contract C145/2018 - Refurbishment of the 110 kV Medgidia South station.

At the hearing of 20.04.2022, the TMB's solution is: "Grant the evidence of an expert accountant with the following objectives:

- Please clarify to the expert whether Romelectro meets the condition set out in Article 66 of GEO 114/2018, i.e. whether 80% of Romelectro's turnover is generated from construction works, both in the year preceding the reference period (2018) and in the reference period (2019);

- to calculate the expert the cost difference generated by the increase in the salaries of the human resources actually employed by Romelectro in carrying out the work related to Contract No C145/2018, in the reference period and the first two months preceding it, respectively:

a) Specify for each employee (human resource actually employed) separately whether his/her gross salary was below 3000 lei/month or higher in November and December 2018;

b) When the HR salary was increased to 3000 lei/month;

c) What is the difference between the previous salary and the salary imposed by GEO 114/2018;

d) Whether during the period 01.11.2018 - 31.12.2018, Romelectro reduced the salaries of the human resources employed;

(e) Specify the actual cumulative cost difference in the salary of the human resources used by Romelectro in the actual performance of the work covered by Contract No C145/2018 for the reference period.

- to determine the expert, on the basis of the analytical estimates, what is the percentage, i.e. the amount by which Transelectrica must adjust the price of Contract No. C145/2018 for the labour relating to the work remaining to be carried out on 01.01.2019, as a result of the legislative amendments introduced by GEO No. 114/2018 in order to increase the minimum wage in the construction sector to the amount of 3000 lei/month;

- Determine the expert the days/months of delay recorded in the execution of the works related to Works Contract No. C145/2018 as a result of the financing problems encountered by Romelectro S.A. following Transelectrica's refusal to pay the price at the adjusted value, respectively how the execution schedule was affected by Transelectrica's failure to adjust the price of the Contract following the legislative changes introduced by GEO 114/2018 in order to increase the minimum wage in the construction sector to the amount of 3000 lei/month.

Sets a hearing term on 29 April 2022, at 9:00 a.m., when the parties will be summoned. At the hearing on 29 April 2022, the case is deferred for the taking of evidence and the hearing is deferred to 14.10.2022.

At the hearing of 14.10.2022, the decision in brief: In view of the absence of the expert report, defers the case and set the hearing term for **07.04.2023**.

- *Case No 37332/3/2021 - claimant Romelectro (4.433.591)*

Fier - Anina- Reșița-Timișoara-Săcălaz-Arad - 400Kv station Timișoara axis.

At the deadline of 22 June 2022, the Bucharest Court admits the plea of untimeliness. Annuls the application as untimely. With appeal within 10 days of communication. The application for appeal is filed at the Bucharest Court - Civil Section VI. Delivered today, 22.06.2022, with the decision being made available to the parties by the court registry. Document: Decision 1502/2022 22.06.2022.

- *File No 8193/3/2022 - claimant Tempos Sev (2.437.253)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - Refurbishment of 220/110kv station Hășdat.

At the hearing on 10 June 2022, the case is deferred to 14.10.2022. At the hearing on 14.10.2022 the case was deferred to 21.10.2022. Decision of 21.10.2022: Pursuant to Articles 258 and 255 of the Civil Procedure Code, the Court grants both parties leave to produce written evidence and the defendant also grants leave to produce evidence of the applicant's cross-examination and of an expert's report. Orders that the expert accountant's report shall have the objectives indicated by the defendant in its statement of defense, to which shall be added the additional objectives indicated by the defendant in the evidence note lodged at the hearing on 14 October 2022 and the objectives indicated by the applicant in the notes for the hearing lodged at the same hearing. The applicant is ordered to produce the documents requested by the defendant in its note for evidence of 14 October 2022. Requests the claimant to submit to the file the reply to the interrogatory which was communicated together with the statement of defense, under the signature of the legal representative, under penalty of the application of the provisions of Article 358 of the Civil Procedure Code. Delivered today, 21.10.2022, with the decision being made available to the parties by the court registry.

Hearing term for ruling **05.05.2023**.

- *File No 8442/3/2022 - claimant Tempos Sev (1.429.832)*

The subject matter of the case is the execution of the administrative contract for the contract C80/2018 - Refurbishment

CNTEE Tranelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

of the 220/110kV station Hășdat.

At the hearing term of 16.09.2022, the plea of relatedness is admitted. Refer the case back to the panel first seized with the case No 8193/3/2022, i.e. panel 12, for the case No 8442/3/2022 to be joined to case No 8193/3/2022. Appeal together with the merits. Delivered today, 16.09.2022, with the decision being made available to the parties by the Court Registry. Document: Final ruling (disinvestment) 16.09.2022.

As a result of the joinder of file No 8442/3/2022 to file No 8193/3/2022, as set out above, the matters under discussion will be dealt with in the first file (8193/3/2022).

- *Case No 8440/3/2022 - claimant Tempos Sev (2.437.253)*

The case concerns claims - GEO 114/2018 for contract C80/2018 - Refurbishment of 220/110kv station Hășdat.

At the hearing on 13.09.2022 the case was adjourned to 08.11.2022 for the purpose of taking the evidence requested.

At the hearing on 08.11.2022, the case is adjourned.

- *Case No 527/1285/2021 - claimant ELM Electromontaj Cluj (402.274)*

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

The solution of the Cluj Tribunal: The request brought by the claimant ELM ELCTROMONTAJ CLUJ S.A. is granted, in contradiction with the defendant C.N.T.E.E. "TRANSELECTRICA" S.A. Compels the defendant to conclude with the claimant an additional deed to the Works Contract no. C4/6882/21.01.2019, having as object the modification of the contract price as a result of the increase of the minimum gross basic salary per country guaranteed in payment for the construction sector, by art. 71 of O.U.G. no. 114/2018, according to the statements of works settled as from May 2020 and until the completion of the works related to the contract. Orders the defendant to pay to the applicant the sum of 402,273.61 lei (excluding VAT), representing the difference between the costs of the workmanship tendered and the costs of the workmanship executed and accepted under Works Contract No C4/6882/21.01.2019, relating to the statements of works drawn up for the period from May 2020 to 31 May 2021, as well as further, in the same manner, to pay the differences between the costs of the workmanship tendered and the costs of the workmanship executed and accepted until the acceptance on completion of the works. Compels the defendant to pay to the claimant the sum of 13,666.70 lei in late payment penalties of 0.02%/day, calculated on the principal debt from the due date until 31.05.2021, as well as the late payment penalties calculated thereafter until full payment of the principal debt. Orders the defendant to pay to the claimant the sum of 8 436,06 lei in respect of the costs of the proceedings and the legal stamp duty. With a right of appeal within 10 days from the date of notification, the application for appeal to be 'submitted with the Cluj Specialized Court. Pronounced by placing the decision at the disposal of the parties through the court registry today, 22 October 2021.

The company appealed.

All amounts in cases involving claims for additional costs requested by the claimants and subject to works contracts will be reflected in the value of the investments if they are settled in court and invoiced by the respective partners, except for court costs and penalties set by the court.

There are currently on the docket disputes with Romania's Court of Audit with respect to their audits performed in 2013, 2017 and 2020, described under Disputes.

Taking into account the findings of the Court of Auditors recorded in its Decisions following its audits of the quarterly, half-yearly and annual financial statements, we specified in the financial statements elaborated each quarter, semester and year there may be possible to result additional fiscal liabilities for payment, but which cannot be accurately determined now according to the provisions of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

20. Related parties

i) Transactions with subsidiaries owned by the Company

The entity	Country of Origin	31 March 2023 % of shares	31 December 2022 % of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA *)	Romania	-	-
OPCOM SA	Romania	97.84	97.84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA	Romania	100	100

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

The net value of shares held by the Company in its subsidiaries is 78,038,750 at both 31 March 2023 and 31 December 2022.

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

SMART SA

Company SMART SA seated in Blvd. Magheru 33, Bucharest 1 and headquarters in the working location of Blvd. Gheorghe Sincai 3, Formenerg Building, 1st floor, Bucharest 4, București, has as main business the maintenance of the transmission-dispatcher system and was established under HG 710/19.07.2001 on 1 November 2001.

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

On 30.12.2014, the Trade Register Office attached to the Bucharest Court of Justice has resolved the application for registration of the share capital increase of S Smart SA.

As of 25.01.2016, the National Trade Register Office has been amended regarding the shareholding structure of S Smart SA, namely the mention regarding the management of the state portfolio, an amendment required under Article 10 of GEO no. 86/2014, amended and updated.

Thus, on 31 March 2023, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 lei, fully subscribed and paid up.

TELETRANS SA

Company TELETRANS SA seated in Blvd. Hristo-Botev 16 - 18, Bucharest 3 with headquarters in the working location of Stelea Spătarul Street, nr. 12, sector 3, Bucharest, has as main business maintenance services of process and managerial information, specific telecommunication and information technology services within RET, telephone, data transmissions and was established by AGA Decision 3/2002.

The share capital on 31 March 2023 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

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

On 31 March 2023 in the Company's accounting books the share capital of Subsidiary Icemenerg SA was of 1,083,450 fully subscribed and paid.

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

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

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

The company recorded in 2015 an impairment allowance in the amount of 1,083,450 for the shares held in the subsidiary Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA Bucharest which was written off.

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

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

OPCOM SA

OPCOM SA, with registered office at 16-18 Hristo Botev Street, Sector 3, Bucharest, with legal personality, has as main business the organization, administration and supervision of the electricity market, being established under GD no. 627/2000.

On 13.02.2018, the Extraordinary General Meeting of the Subsidiary OPCOM SA approved the increase of the share capital of the Company Operator of the Electricity and Natural Gas Market OPCOM SA ("OPCOM SA") by the amount of 678,790 lei through a contribution in kind represented by the value of the land for which the company has obtained the Certificate of Attestation of the Right of Ownership of Land series M03 no. 12899/27.02.2014, issued by the Ministry of Economy. The contribution in kind was valued by an expert appraiser appointed by ONRC. In exchange for the contribution in kind to the share capital, the company issued to the new shareholder the Romanian State through the Ministry of Economy, which exercised the powers of the person involved as of the date of the AGEA resolution, a number of 67,879 new registered shares with a nominal value of RON 10 each.

On 20.03.2019, the National Office of the Trade Register of the Bucharest Court has resolved the application for registration of the increase in share capital of OPCOM SA.

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

On 31 March 2023, the share capital is 31,366,090, of which 8,778,790 is fully subscribed and paid-up share capital. The remaining share capital in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own sources and IBRD funds and valued according to the Valuation Report No. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

On 31 March 2023, 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 shareholding of CNTEE Transelectrica SA in profits and losses of 97.84%.

FORMENERG SA

The company FORMENERG SA, with registered office in B-dul Gh.Șincai, nr. 3, sector 4, Bucharest, with legal personality, has as main business the initial permanent professional training in all activity domains of personnel in the energy sector, as well as of other beneficiaries, being established under AGA Decision 33/2001.

The share capital on 31 March 2023 is 1,948,420, fully subscribed and paid up.

ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, it was approved the transfer of the package of shares held by the Trading Company Subsidiary Energy Research and Modernizing Institute ICEMENERG SA Bucharest into the Trading Company Subsidiary ICEMENERG-SERVICE SA Bucharest to the National Power Grid Company Transelectrica SA.

The company recorded in 2016 an impairment allowance in the amount of 493,000 for shares held in the subsidiary ICEMENERG SERVICE SA.

The share capital on 31 March 2023 is 493,000, fully subscribed and paid up.

On 09.06.2017, Bucharest Tribunal, Section VII Civil ordered the bankruptcy by means of simplified procedure of debtor Company Subsidiary ICEMENERG SERVICE SA, and thus designated Solvendi SPRL in capacity of provisional judiciary liquidator.

On 27.04.2021, by address no.18759, the Special Administrator of the Subsidiary ICEMENERG Service SA informs that on 23.04.2021, following the bid, the assets of the Subsidiary ICEMENERG Service SA, both movable and immovable, were sold in bulk, the buyer being Portland Trust Developments Five SRL.

In the case file no.18051/3/2017, according to the Insolvency Proceedings Bulletin no.9152/26.05.2022, the Bucharest Court - Civil Section VII by civil sentence no.2429 approved the final report of the judicial liquidator, and on the basis of art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor Company Filiala "Icemenerg-Service" SA by deleting it from the Bucharest Trade Register.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

Balances with subsidiaries held by the Company are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	31 March 2023	31 December 2022	31 March 2023	31 December 2022
SMART SA	346,900	341,310	14,960,356	18,350,272
TELETRANS SA	104,733	176,323	18,246,484	14,692,419
FORMENERG SA	-	-	-	-
OPCOM SA	101,426,413	654,372,119	129,815,896	647,260,234
TOTAL	101,878,046	654,889,752	163,022,736	680,302,925

*) Trade receivables are provided at gross values.

Transactions in the first quarter of 2023 and the first quarter of 2022 with the Company's subsidiaries are detailed as follows:

AFFILIATED ENTITY	Sales		Procurements	
	Quarter I 2023	Quarter I 2022	Quarter I 2023	Quarter I 2022
SMART SA	301,201	319,469	17,776,916	26,931,852
TELETRANS SA	142,936	178,604	11,334,912	9,906,016
FORMENERG SA	-	-	165	286
OPCOM SA	291,348,324	1,642,166,363	1,221,927,462	542,250,145
Total	291,792,461	1,642,664,436	1,251,039,455	579,088,299

ii) *Company management salaries*

Salaries paid to management for services rendered consist mainly of base salary and termination and post-employment benefits. These are detailed as follows:

	Quarter I 2023	Quarter I 2022
Short-term benefits	6,412,380	5,767,259
Other long-term benefits	92,043	11,341
Total	6,504,423	5,778,600

21. Credit risk

Credit risk is the risk that the Company incurs a financial loss as a result of a customer or counterparty to a financial instrument failing to meet its contractual obligations. This risk arises mainly from trade receivables and cash and cash equivalents.

The treatment of counterparty risk is based on the Company's internal and external success factors. External success factors - which have an effect on risk reduction in a systematic way - are: decentralization of the energy sector where generation, transmission, distribution and supply are distinct activities and the interface for the customer is the supplier, trading of electricity on the Romanian market in 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 in 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 in place a number of policies to ensure that the sale of services is made to customers with adequate collection by including in commercial contracts the obligation to provide financial guarantees. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk.

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

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

	31 March 2023	31 December 2022
Financial assets		
Net trade receivables	1,156,435,354	2,261,084,021
Other net receivables and down payment to suppliers	228,640,190	787,546,355
Receivable VAT	370,161,601	291,841,166
Cash and cash equivalents	323,920,409	315,146,396
Other financial assets	-	-
Total	2,079,157,554	3,655,617,938

The ageing of **receivables** at the date of the statement of financial position is shown below:

	Gross value	Impairment allowance	Gross value	Impairment allowance
	31 March 2023	31 March 2023	31 December 2022	31 December 2022
Not yet due	1,067,490,600	518,270	2,171,853,986	439,303
Overdue between 1 - 30 days	29,959	-	120,587	2,770
Overdue between 31 - 90 days	106,810	16,211	20,541	5,943
Overdue between 90 - 180 days	(139,608)	-	18,045	6,970
Overdue between 180 - 270 days	6,973	13,210	428,640	449,742
Overdue between 270 - 365 days	433,826	455,144	186,948	181,868
More than one year	221,430,423	131,920,794	221,292,437	131,750,567
Total	1,289,358,983	132,923,629	2,393,921,184	132,837,163

The ageing of **other receivables** at the date of the statement of financial position is shown below:

	Gross value	Impairment allowance	Gross value	Impairment allowance
	31 March 2023	31 March 2023	31 December 2022	31 December 2022
Not yet due	199,970,256	26,345	1,050,760,965	34,980
Overdue between 1 - 30 days	158,370	8,635	208,379	-
Overdue between 31 - 90 days	851,638	-	445,076	-
Overdue between 90 - 180 days	211,779	-	2,272,225	242,536
Overdue between 180 - 270 days	2,007,147	267,758	1,541,395	170,579
Overdue between 270 - 365 days	1,542,281	171,465	9,618,542	9,402,895
More than one year	100,220,004	75,847,082	90,871,784	66,479,855
Total	304,961,475	76,321,285	1,155,718,366	76,330,845

Transelectrica's policy is to record 100% impairment adjustments for loss of value for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables outstanding for more than 180 days, excluding overdue receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment adjustments at 31 March 2023, calculated for trade receivables and related penalties, were recorded for CET Govora (25,151,556), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Romelectro SA (13,429,126), Elsaco Energy (9,276,118), RAAN (8,516,707), NEXT Energy Partners (8,395,132).

In order to recover the receivables adjusted for depreciation, the Company has taken the following measures: legal action, registration of the receivables.

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

The evolution of **bad debt impairment adjustments** is presented as follows:

	31 March 2023	31 December 2022
Balance on 1 January	132,837,163	145,107,946
Recognition of impairment adjustments	518,270	2,496,173
Reversal of impairment adjustments	431,804	14,766,956
Balance at end of period	132,923,629	132,837,163

The evolution of **impairment allowances for other doubtful receivables** is presented as follows:

	31 March 2023	31 December 2022
Balance on 1 January	76,330,845	66,918,366
Recognition of impairment allowances	25,222	11,557,190
Reversal of impairment allowances	34,782	2,144,711
Balance at end of the interval	76,321,285	76,330,845

Financial assets that may subject the Company to collection risk are mainly trade receivables and cash and cash equivalents. The Company has put in place a number of policies to ensure that the sale of services is made to customers with adequate collection by including in commercial contracts an obligation to provide financial guarantees. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk. The collection risk on these receivables is limited as these amounts are mainly due from state-owned companies.

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

22. Subsequent events

- *Treatment of revenues from the allocation of interconnection capacities in view of the regulation of electricity transmission service tariffs applicable from 1 April 2023*

In determining the average electricity transmission tariff applicable from 1 April 2023, ANRE has used part of the revenue obtained by the Company from the allocation of interconnection capacities, as complementary revenue to the revenue obtained from the application of the transmission tariff to cover regulated costs, as follows:

- a negative correction amounting to 90,162,436 lei.

The above mentioned additional correction was established in the light of the current economic context, following which the European Union decided to establish emergency intervention to mitigate the effects of extremely high electricity prices and Council Regulation (EU) 2022/1854 of 6 October 2022 on emergency intervention to address the problem of high energy prices was adopted.

According to Article 9(1) of Regulation (EU) 2022/1854, by way of derogation from Union rules on congestion rents resulting from the allocation of cross-zonal capacity (interconnection capacity allocation rents), Member States may use surplus rents to finance measures to support final electricity clients.

According to Article 10(4)(b) of Regulation (EU) 2022/1854, these measures to support final clients may consist of using surplus revenues from the allocation of interconnection capacities to reduce network tariffs.

Please note that, in accordance with the provisions of Article 9(2) and (3) of Regulation (EU) 2022/1854, the use of these surplus revenues to support final clients is subject to approval by ANRE and notified to the European Commission. At the same time, ANRE informed CNTEE Transelectrica SA that it has informed both the Romanian Government and the Ministry of Energy about the use of surplus revenues from the allocation of interconnection capacities obtained by CNTEE Transelectrica SA for the purpose of adjusting electricity transmission tariffs applicable as of 1 April 2023.

In this respect, the amount of 90,162,436 lei makes a negative correction of the revenues from the allocation of interconnection capacity achieved in 2023 and does not become a source of funding for investments in maintaining and/or increasing the cross-border interconnection capacity of the electricity transmission network in Romania and, therefore, will not be allocated to "Other reserves provided by law".

- *Regulatory tariffs applicable from 1 April 2023*

On 30.03.2023, the ANRE Order no. 28/29.03.2023 was published in the Official Gazette no.266 on the modification of

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

the average tariff for the transmission service, of the components of the transmission tariff for the introduction of electricity into the grid (TG) and of the tariff for the extraction of electricity from the grid (TL), applied by the Company.

Thus, the regulated tariffs for the electricity transmission service, applicable as from 1 April 2023, are:

Service	Tariff applicable from 01 April 2022	Tariff applicable from 01 April 2023	Main component	Additional cost component of CPT	Variation ▲ (3)-(2)
	lei/MWh	lei/MWh	lei/MWh	lei/MWh	%
The average tariff for the transport service, of which	28.10	31.20	28.61	2.59	+11.0%
Transmission Tariff - feed-in component - (TG)	2.53	4.04	3.35	0.69	+59.68%
Transmission Tariff - the component of electricity withdrawal from the grid - (TL)	25.57	27.44	25.50	1.94	+7.31%

- *Notice of AGOA for 7 June 2023*

The Ordinary General Meeting of Shareholders has been convened on 11 April 2023, having regarded to:

- Judgment rendered by the Bucharest Court, Civil Section VI in case no. 7925/3/2023 on 28.03.2023;
- The provisions of the Company's Articles of Incorporation in force ("Articles of Incorporation");
- Provisions of Law no. 31/1990 on companies, as amended and supplemented;
- Provisions of Government Emergency Ordinance No 109/2011 on corporate governance of public enterprises;
- Provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished;
- The provisions of the A.S.F. Regulation No 5/2018 on issuers of financial instruments and market operations, as amended and supplemented;

On the agenda is the appointment of the members of the Supervisory Board of the Company.

- *Extension of the terms of office of the provisional members of the Directorate*

The Supervisory Board decided in its meeting of 19 April 2023, in relation to the expiry on 24.04.2023 of the terms of office of the provisional members of the Directorate, to extend the terms of office of the following provisional members of the Directorate for a period of 2 months starting on 25.04.2023: Gabriel ANDRONACHE, Ștefăniță MUNTEANU, Cătălin Constantin NADOLU, Florin Cristian TĂTARU and Bogdan TONCESCU and to elect Mr Gabriel ANDRONACHE as Chairman of the Management Board.

- *Changes in the composition of the Board*

At its meeting of 24 April 2023, in accordance with its statutory and legal powers, the Supervisory Board of the Company,

- took note of the resignation of Mr. Gabriel ANDRONACHE as provisional member of the Company's Board of Directors and, therefore, as Chairman of the Board of Directors as from the end of April 23, 2023.
- decided to elect as Chairman of the Board of Directors, alternatively called Chief Executive Officer of the National Electricity Transmission Company "Transelectrica" SA, as of 24 April 2023, Mr. Ștefăniță MUNTEANU, in accordance with the provisions of Article 23 para. (1) of the Constitution of the National Power Transmission Company "Transelectrica"-SA.

- *Resolution No. 5 of the Ordinary General Meeting of Shareholders of 27 April 2023*

The AGOA, held on 27 April 2023, approved the initiation of the selection procedure for the members of the Supervisory Board of the Company, the separate and consolidated financial statements of the Company for the financial year 2022, the discharge of the members of the Directorate and the members of the Supervisory Board for the financial year 2022, the remuneration policy for the members of the executive and non-executive management of the Company. With regard to items 7 and 8 on the agenda, the General Meeting of Shareholders did not approve the distribution of the accounting profit remaining after deduction of corporate income tax as of 31.12.2022 in the amount of 514,572,741 and the distribution of dividends from the profit as of 31.12.2022, with a gross dividend amount of 0.71 lei/share.

- *Proposal on the distribution of dividends for the financial year 2022*

On April 28, 2023, the Company, taking note of the HAGOA No. 5 dated April 27, 2023, by which the shareholders

CNTEE Transelectrica SA

Notes to the Stand-alone simplified statement on 31 March 2023

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

voted against the distribution of dividends proposed by the Company from the profit recorded as of 31.12.2022, in conjunction with the Ministry of Finance Address No. 1011756/19.04.2023 forwarded to the General Secretariat of the Government, registered in the Company on 26.04.2023, returning unapproved the Draft Memorandum on the proposal to distribute dividends in the amount of 50% of the distributable profit for the financial year 2022, issued a press release informing shareholders and investors that the Company maintains its position in the sense of applying a "distribution rate" of 50% calculated on the distributable profit for the financial year 2022. In support of the justification of a "distribution rate" of 50% calculated on the distributable profit for the financial year 2022, the Company has made representations and submitted detailed arguments to all shareholders, which mainly refer to:

- detailed presentation of the Company's Major Strategic Investment Projects for the period 2023-2025;