

CNTEE Tranelectrica SA
Company managed under two-tier system

Stand-alone Simplified Interim Financial Statements
as of and for the three months' period ending on
31 March 2021

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

CNTEE Transelectrica SA

Stand-alone simplified statement of financial position on 31 March 2021

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

	Note	31 March 2021	31 December 2020
Assets			
Non-current assets			
Tangible assets		3,585,128,769	3,560,861,042
Assets related to the usage rights of assets taken under leasing – buildings		35,785,077	37,773,137
Intangible assets		6,599,154	6,976,600
Financial assets		81,742,973	81,742,973
Total non-current assets	4	3,709,255,973	3,687,353,752
Current assets			
Inventories		37,160,644	38,401,417
Trade and other receivables	5	905,899,897	847,936,655
Recoverable income tax		-	1,221,663
Other financial assets		-	-
Cash and cash equivalents	6	400,816,573	554,003,528
Total current assets		1,343,877,114	1,441,563,263
Total assets		5,053,133,087	5,128,917,015
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
- Share capital subscribed		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		137,532,865	137,532,865
Revaluation reserves		823,659,844	841,699,025
Other reserves		23,137,337	17,441,687
Retained earnings		1,710,893,564	1,610,888,457
Total shareholders' equities	7	3,478,097,582	3,390,436,006
Non-current liabilities			
Non-current deferred revenues	8	356,579,902	352,028,637
Borrowings	9	96,905,903	101,671,268
Other loans and assimilated liabilities - Building leasing - long term	10	27,811,049	30,531,904
Liabilities regarding deferred taxes	10	116,610,741	118,078,330
Obligations regarding employees' benefits		72,641,000	72,641,000
Total non-current liabilities		670,548,595	674,951,139
Current liabilities			
Trade and other liabilities	10	741,965,396	887,977,288
Other loans and assimilated liabilities - Building leasing - short term	10	7,946,014	7,416,569
Other tax and social security liabilities	11	11,930,639	17,011,429
Borrowings	9	25,066,062	24,709,805
Provisions	10	81,748,051	97,561,542
Current deferred revenues	8	25,651,505	28,853,237
Income tax payable		10,179,243	-
Total current liabilities		904,486,910	1,063,529,870
Total liabilities		1,575,035,505	1,738,481,009
Total shareholders' equities and liabilities		5,053,133,087	5,128,917,015

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

CNTEE Transelectrica SA

Stand-alone profit account for the three months' period ended on 31 March 2021

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

	Note	3 months' period ended on 31 March 2021	3 months' period ended on 31 March 2020
Revenues			
Transmission revenues		322,600,764	280,971,716
System services revenues		173,209,505	214,828,510
Balancing market revenues		220,223,106	97,519,313
Other revenues		10,281,649	9,523,600
Total revenues	13	726,315,024	602,843,139
Operational expenses			
System operation expenses	14	(108,746,319)	(81,344,578)
Expenses with the balancing market	14	(212,154,838)	(97,519,313)
Expenses regarding technological system services	14	(143,061,438)	(165,933,308)
Amortisement		(63,962,431)	(68,455,275)
Personnel expenses	15	(48,981,102)	(51,873,444)
Repairs and maintenance		(15,372,382)	(15,898,583)
Materials and consumables		(1,528,814)	(1,683,650)
Other operational expenses	16	(36,712,391)	(26,111,732)
Total operational expenses		(630,519,715)	(508,819,883)
Operational profit		95,795,309	94,023,256
Financial revenues		1,818,872	2,545,824
Financial expenses		(3,200,232)	(4,132,850)
Net financial result	17	(1,381,360)	(1,587,026)
Profit before income tax		94,413,949	92,436,230
Income tax	12	(12,448,023)	(15,239,477)
Profit of the period		81,965,926	77,196,753

The stand-alone interim simplified financial statements provided here were approved by the Company's management on **10 May 2021** and signed on its behalf by the:

DIRECTORATE,

Chairman	Member	Member	Member	Member
Catalin NITU	Andreea-Mihaela MIU	Ovidiu ANGHEL	Corneliu-Bogdan MARCU	Marius-Viorel STANCIU

Director, Economic-Financial and Administrative Unit	Manager, Accounting Department
Ana-Iuliana DINU	Georgiana-Beatrice STEFAN

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

CNTEE Transelectrica SA

Stand-alone statement of changes into equities on 31 March 2021

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

	Share capital	Share premium	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Total
Balance on 1 January 2020	733,031,420	49,842,552	129,096,113	922,454,926	15,771,718	1,433,931,608	3,284,128,337
Comprehensive result of the period							
Profit of the period	-	-	-	-	-	139,893,129	139,893,129
Other comprehensive revenue items, of which:							
Recognition of defined benefit plan actuarial gains						999,668	999,668
Surplus din from revaluation of tangible assets				(1,069,585)			(1,069,585)
Deferred tax liability rel. to revaluation reserves				534,309		(534,309)	-
Transfer of revaluation reserves into retained earnings				(80,221,592)		80,221,592	-
Total other comprehensive revenue items of the period	-	-	-	(80,756,868)	-	80,686,951	(69,917)
Total comprehensive result of this period	-	-	-	(80,756,868)	-	220,580,080	139,823,212
Other items							
Legal reserve indexation	-	-	8,436,752	-	-	(8,436,752)	-
Other items	-	-	-	967	-	(971)	(4)
Total other items	-	-	8,436,752	967	-	(8,437,723)	(4)
Contributions from and distributions to shareholders							
De-recognition of assets such as public domain					-		-
Subsidies related to assets belonging in the state's public domain	-	-	-	-	1,669,969		1,669,969
Dividends distribution	-	-	-	-	-	(35,185,508)	(35,185,508)
Total contributions from and distributions to shareholders	-	-	-	-	1,669,969	(35,185,508)	(33,515,539)
Balance on 31 December 2020	733,031,420	49,842,552	137,532,865	841,699,025	17,441,687	1,610,888,457	3,390,436,006
Balance on 1 January 2021	733,031,420	49,842,552	137,532,865	841,699,025	17,441,687	1,610,888,457	3,390,436,006
Comprehensive revenue of the period							
Profit of the period	-	-	-	-	-	81,965,926	81,965,926
Other comprehensive revenue items, of which							
Recognition of actuarial loss/profit of the defined benefit plan	-	-	-	-	-	-	-
Surplus din from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability rel. to revaluation reserves	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings				(18,039,181)		18,039,181	-
Total other comprehensive revenue items	-	-	-	(18,039,181)	-	18,039,181	-
Total comprehensive result of the period	-	-	-	(18,039,181)	-	100,005,107	81,965,926
Other items							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
Total other changes	-	-	-	-	-	-	-
Contributions from and distributions to shareholders							
De-recognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets belonging in the state's public domain	-	-	-	-	5,695,650	-	5,695,650
Dividends distributions	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	5,695,650	-	5,695,650
Balance on 31 March 2021	733,031,420	49,842,552	137,532,865	823,659,844	23,137,337	1,710,893,564	3,478,097,582

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

CNTEE Tranelectrica SA

Stand-alone cash flows statement on 31 March 2021

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

	3 months' period ended on 31 March 2021	3 months' period ended on 31 March 2020
Cash flows from operational activities		
Profit of the period	81,965,926	77,196,753
Allowances for:		
Income tax expense	12,448,023	15,239,477
Amortisement expense	63,962,432	66,345,714
Expenses with allowances to impair trade receivables	406,059	448,798
Reversal of allowances to impair trade receivables	(805,740)	(722,053)
Losses from receivables and sundry debtors	35,619	-
Net expenses / revenues with allowances to impair sundry debtors	(238,547)	720,498
Net expenses / revenues with allowances to impair inventories	683,579	(35,690)
Net profit / loss from sale of tangible assets	29,020	20,516
Net expenses with value allowances regarding tangible assets	299,462	299,462
Net expenses / revenues regarding provisions for risks and expenses	(15,895,932)	(4,678)
Interest expense, interest revenue and unrealised exchange rate gains	1,873,074	1,866,778
Cash flows before changes into current capital	144,762,975	161,375,575
Changes in:		
Clients and assimilated accounts - energy and other activities	(57,723,267)	(28,246,168)
Clients – balancing	(3,789,013)	25,491,796
Clients – cogeneration	3,332,191	(7,240,216)
Inventories	1,240,773	(1,087,472)
Trade and other liabilities - energy and other activities	(78,904,284)	(42,678,839)
Liabilities - balancing	(26,043,625)	(44,106,740)
Liabilities - cogeneration	(10,495,575)	(12,930,220)
Liabilities paid according to Taxation decision of ANAF	(2,140,264)	-
Other loans and assimilated liabilities - Leasing of building	(2,191,410)	-
Other tax and social security for liabilities	(5,080,790)	406,168
Deferred revenues	7,045,184	(1,539,598)
Cash flows from operational activities	(29,987,105)	49,444,286
Interest paid	(1,043,610)	(2,098,127)
Income tax paid	(2,514,707)	(1,719,209)
Net cash generated from operational activities	(33,545,422)	45,626,950
Cash flows from investments		
Procurements of tangible and intangible assets	(111,923,421)	(54,710,658)
Interest cased	764,758	2,080,403
Other financial assets	-	85,000,000
Net cash used in investments	(111,158,663)	32,369,745
Cash flows used for financing		
Repayment of non-current borrowings	(5,867,454)	(7,337,909)
Utilisation of cogeneration credit line	-	129,977,889
Repayments, cogeneration credit line	-	(29,540,187)
Payments, building leasing	(2,608,795)	-
Dividends paid	(6,621)	(19,399)
Net cash used for financing	(8,482,870)	93,080,394
Net increase / decrease of cash and cash equivalents	(153,186,955)	171,077,089
Cash and cash equivalents on 1 January	554,003,528	320,768,647
Cash and cash equivalents at the end of the period	400,816,573	491,845,736

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

1. General information

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

Official headquarters are in Blvd. General Gheorghe Magheru 33, Bucharest 1. At present the Company’s executive group are active in the working location of Str. Olteni 2-4, Bucharest 3.

The stand-alone interim financial statements elaborated on 31 March 2021 have not been audited.

2. Bases of elaboration

a) Statement of conformity

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

b) Professional reasoning and estimations

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

3. Significant accounting policies

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

4. Tangible, intangible and financial assets

a) Tangible assets

The higher total value of tangible assets on 31 March 2021 in comparison with 31 December 2020 was determined by augmented values of tangible assets in progress while registering the amortisement of tangible assets.

The increase in the value of **tangible assets underway** in the first quarter of 2021 was mainly determined by executing investments into high voltage electric substations and lines as follows:

- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Substation Gura Ialomitei – 32,009,851;
- Refurbishing the 220/110 kV Substation Iaz – 11,439,839;
- Replacing the ATUS-SF 400/400/160 MVA 400/231/22kV AT 3 of the 400/220 kV Subst. Portile de Fier – 11,054,817;
- Connecting the 400 kV OHL Isaccea - Varna and the 400 kV OHL Isaccea - Dobrogea in the 400 kV Substation Medgidia Sud, stage I - Extending the 400 kV Substation Medgidia Sud – 7,211,995;
- Upgrading the 110 kV Substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – 4,456,309;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – 5,298,520;
- Refurbishing the 400/110/20 kV Substation Domnesti – 2,554,221;
- Refurbishing the 220/110 kV Substation Craiova Nord – 2,264,226;

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

- Upgrading the 220/110/20 kV substation Raureni – 1,940,240;
- Refurbishing the 220/110/20 kV Substation Ungheni – 1,482,965;
- Refurbishing the 220/110 kV Substation Hasdat – 1,382,009;

In quarter I 2021 the greatest **transfers from tangible assets in progress to tangible assets**, amounting to 45,536,945 Lei, are mainly represented by investment commissioning, the most significant being provided below:

- Replacing the ATUS-SF 400/400/160MVA 400/231/22 kV AT 3 of the 400/220 kV Subst. Portile de Fier – 13,738,637;
- Upgrading the 110 kV Substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – 10,039,000;
- Refurbishing the 220/110/20 kV Substation Ungheni – 9,920,762;
- Freeing up the location and achieving the coexistence conditions with the 400 kV installations of CNTEE Transelectrica SA in communes Letea Veche and Saucesti, Bacau County (execution) – 5,695,650;
- Replacing autotransformers and transformers in electric substations, stage 2, phase 2, LOT 1 & LOT 2 – 1,553,298;
- Executing communication path between Substation Resita and the offices of CTSI TTU Timisoara – 1,458,787;
- Replacing the shunt reactor of Substation Arad – 1,396,486;
- Thermal rehabilitation of buildings belonging to Substation Constanta Nord – 630,300;
- Wi-Fi system, access to one's own grid and to internet – 396,340.

The balance of **tangible assets under execution** on 31 March 2021, amounting to 659,088,429 Lei, is represented by projects in progress, of which the most significant are provided below:

- The 400 kV double circuit OHL Cernavoda - Stalpu and connection in Substation Gura Ialomitei – 144,073,468;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – 66,955,320;
- Connecting the 400 kV OHL-s Isaccea - Varna and Isaccea - Dobrogea in the 400 kV Subst. Medgidia Sud – 49,259,365;
- Connecting to RET the 300 MW WPP Ivesti, the 88 MW WPP Falciu 1 and the 18 MW WPP Falciu 2 by the new (400)/220/110 kV Substation Banca – 46,884,983;
- Refurbishing the 400/110/20 kV Substation Domnesti – 42,917,582;
- Refurbishing the 220/110 kV Substation Hasdat – 42,420,480;
- Refurbishing the 220/110 kV Substation Iaz – 21,310,600;
- Upgrading the 220/110/20 kV Substation Raureni – 17,194,351;
- Upgrading the 220/110/20 kV Substation Arefu – 15,523,834;
- Extending the business continuity and post-disaster recovery services in the Executive branch – 14,413,918;
- 110 kV, 220 kV and 400 kV mobile bays – 14,296,873;
- Upgrading the 220/110 kV Substation Dumbrava – 11,721,792;
- Extending the 400 kV Substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – 11,601,963;
- Upgrading the 400 (220)/110/20 kV Substation Munteni – 10,635,771;
- Installing the 400 MVA, 400/231/22 kV AT2 and the related bays in Substation Iernut and upgrading the command-control system of the 400/220/110/6 kV Substation Iernut – 9,386,740;
- Upgrading the 110 kV and 400 (220 kV) installations of Substation Focsani Vest – 8,412,395;
- Upgrading the 110 kV Substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – 8,283,675;
- Refurbishing the 400/110/20 kV Substation Smardan – 8,092,951;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400/220/110 kV Substation Resita – 6,717,076;
- The 400 kV OHL Gadalin - Suceava, including its SEN interconnection – 6,043,182;
- 400 kV HVDC Link (Submarine cable Romania - Turkey) – 5,853,759;
- Replacing autotransformers and transformers in electric substations, stage 2, phase 2, LOT 1 & LOT 2 – 5,774,736;
- Refurbishing the 110 kV Substation Timisoara and converting the Portile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV Substation Timisoara – 5,111,090;
- Integrated security system for electric substations, stage IV – 4,816,604;
- The 400 kV OHL Suceava - Balti, for the project part on Romanian territory – 4,439,120;
- Upgrading the 220/110/20 kV Substation Vetis, primary equipment – 4,329,398;
- Installing the 250 MVA transformer T3 in the 400/110 kV Substation Sibiu Sud – 4,248,305;

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

- The 400 kV double circuit OHL Gutinas - Smardan – 4,186,454;
- Replacing circuit breakers in electric substations – 4,077,093;
- The 400 kV OHL Oradea - Beckescsaba – 3,700,020;
- Refurbishing the 110 kV Substation Medgidia Sud – 3,637,032;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV double circuit OHL Resita - Timisoara - Sacalaz – 3,343,480;
- Extending by new functions the control system and IT access supervision in the objectives of CNTEE Transelectrica SA – 3,200,918;
- Connecting to RET the 136 MW WPP Platonesti, Ialomita County, by building a 110 kV bay in the 400/110 kV Substation Gura Ialomitei – 2,889,337;
- 400 kV mobile bays to connect shunt reactors in the 400 kV Substations Bradu and Sibiu Sud – 2,831,980;
- Relocation and protection of high voltage electric networks (220 kV & 400 kV), Brasov - Cluj - Bors Motorway, section 1C Sighisoara - Targu Mures, subsections 2 & 3 Targu Mures - Ungheni - Ogra – 2,819,600;
- Integrated security system for electric substations, stage III – 2,798,024;
- Connecting to RET the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County, by achieving a 110 kV line bay in the 220/110 kV Substation FAI – 2,545,853;
- Refurbishing the 220/110/20 kV Substation Ungheni – 2,526,187;
- Refurbishing the 220/110 kV Substation Craiova Nord – 2,264,226;
- The 400 kV OHL Oradea - Beckescsaba – 1,828,775;
- Achieving optical fibre communication between Substation Pitesti Sud and the Remote Control and Installation Supervision Centre of TTU Pitesti (FS) – 1,714,424;
- Consolidation, modernisation and extension of headquarters of CNTEE Transelectrica SA, Executive branch – 1,627,393;
- The 220 kV double circuit OHL Ostrovu Mare - RET – 1,571,888;
- Integrated security system in the new 400/220/110 kV Substation Banca – 1,133,202;

b) Intangible assets

The balance of intangible assets under execution on 31 March 2021, amounting to 5,828,215 Lei, is represented by projects underway, of which the most significant are provided below:

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

c) Financial assets

Financial assets comprise the net value of shares the Company holds, amounting to 81,742,973 on 31 March 2021 and to 81,742,973 on 31 December 2020.

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

The assets relating to the usage rights of assets under leasing - buildings represent the utilisation right of spaces the Company rented in the Platinum office building (contract C232/2020 concluded with Dagesh Rom SRL), according to the provisions of IFRS 16, Leasing Contracts.

Contract C232 became effective on 01.10.2020, is valid for 5 years and it amounts to 9,000,000 Euro (VAT free).

On 31 March 2021 the net value of the utilisation right for spaces the Company rented in Platinum office building amounted to 35,785,077.

For this contract the Company pays a monthly quantum of 16.67 Euro/m² (VAT free) to lease office spaces, resulting an annual amount of about 1.8 mill. Euro.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

5. Trade and other receivables

On 31 March 2021 and 31 December 2020 trade and other receivables were as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Trade receivables	879,247,315	849,268,696
Other receivables	121,574,056	111,446,214
Down payments to suppliers	39,504,878	44,849,824
VAT to recover	56,454,428	33,960,938
Allowances to impair doubtful trade receivables	(134,334,199)	(134,733,880)
Allowances to impair other receivables	(56,546,581)	(56,855,137)
Total	<u>905,899,897</u>	<u>847,936,655</u>

The trade receivables structure was as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Clients on the electricity market, of whom:	876,772,650	847,744,023
- Clients - operational activities – energy	503,341,455	474,769,650
- Clients - balancing market	181,714,290	177,925,277
- Clients - bonus type support scheme to promote high efficiency cogeneration	191,716,905	195,049,096
Clients from other activities	2,474,665	1,524,673
Total trade receivables	<u>879,247,315</u>	<u>849,268,696</u>

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

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

The main clients on balance on the electricity market are represented by: Electrica Furnizare SA, RAAN, MAVIR, OPCOM SA, E.ON Energy Romania SA, Getica 95 COM, CIGA Energy SA, Cinta Energy SA, Enel Energy SA, and CEZ Vanzare SA. Such main clients accounted for about 50.80% share from total trade receivables on the electricity market.

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

On 31 March 2021 the Company registered collectable receivables from the bonus type support scheme to promote high efficiency cogeneration of about 22% (31 December 2020: 23%) from the total trade receivables.

Clients under the bonus type support scheme to promote high efficiency cogeneration registered decrease of receivables on 31 March 2021, mainly determined by lower invoiced values for the collection of monthly contribution.

On 31 March 2021 the Company registered collectable receivables amounting to 191,716,905, represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation amounting to 76,702,140, namely from RAAN – 63,467,054 and CET Govora SA – 13,235,086;
- 2020 overcompensation amounting to 16,474,649 from Electrocentrale Bucharest;
- 2014 undue bonus amounting to 3,914,960, namely from RAAN – 1,981,235 & CET Govora – 1,933,725;
- 2015 undue bonus amounting to 563,899, namely from CET Govora – 534,377 & Interagro – 29,523;
- 2020 undue bonus amounting to 522,181 from Donau Chem;
- Cogeneration contribution not collected to from suppliers of electricity consumers, amounting to 21,191,886, namely from: Transenergo Com – 5,882,073, Petprod – 4,391,193, Romenergy Industry – 2,680,620, RAAN-2,385,922, UGM Energy – 1,504,046, CET Govora – 900,864, KDF Energy – 887,527 and others.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

Until the date of this financial reporting the Company cashed the receivables relating to the overcompensated activities of the 2020 support scheme (sum of 16,474,649) from Electrocentrale Bucharest, and the sum of 11,729,519 under the undue bonus established by ANRE decisions for 2021, amounting to 12,251,700, from the following generators: Bepco SRL, Energy Complex Hunedoara, Energy Complex Oltenia, CET Arad, CET Govora, Contour global Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electroustilaj SA, Polytechnic University of Bucharest, Prefab, Soceram SA and District Heating Oradea.

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

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

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

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

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

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

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

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

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

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

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

Mehedinti Tribunal decided as follows: “It admits the exception of decline. It partly admits the main issue and associated

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

Transelectrica filed appeal within the legal term. The Appeal Court Craiova established the first hearing term on 30.10.2019; the appeal was denied as groundless. Transelectrica filed review request for contrary rulings, registered under file 1711/54/2019, with hearing term on 25.03.2020 to the Appeal Court Craiova, which was supposed to refer the file to the High Court of Cassation and Justice for competent settlement.

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

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

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

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

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

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

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

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

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

Transelectrica was registered in the Preliminary and final receivables table with total amount of 28,200,440.31, of which 25,557,189.98 relates to the support scheme. As regards the receivable amounting to 21,962,243.71 Lei representing principal and penalties related to invoice 8116/08.04.2016, it is registered under the suspensive condition of pronouncement of a final juridical decision in favour of ANRE under file 2428/2/2014 on the docket of the Appeal Court Bucharest, pertaining to cancelling ANRE decision 738/28.03.2014.

On the 18.07.2018 term Valcea Tribunal pronounced the following settlement:

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

In accordance with pt. 11 of HG 925/2016 amending and adding HG 1.215/2009 establishing the criteria and conditions necessary to implement the support scheme to promote high efficiency cogeneration based on the useful heat demand, ANRE is going to elaborate the regulatory framework for the financial closure of this scheme.

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

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

Other receivables

On 31 March 2021 other receivables amounting to 121,574,056 included in the main:

- Sundry debtors (84,324,696), of whom:
 - Payment delay penalties calculated to defaulting clients and amounting to 72,481,425 (of which 35,351,962 represent penalties under the support scheme). The greatest delay penalties were registered by the following clients: RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale Bucharest (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,655), Romelectro (5,412,705), Total Electric Oltenia (3,288,967), and OPCOM (1,975,966). Allowances were registered for the penalties calculated for late payment of operational activity receivables;
 - Compensations owed by suppliers for their non-delivery of electricity: Arelco Power (987,555) and Enol Grup (2,541,312). Allowances were registered for the compensations owed by suppliers from operational activities;
 - Receivable to be recovered from OPCOM representing the VAT for the contribution in kind to the subsidiary's capital amounting to 4,517,460;
- Deferred expenses amounting to 10,460,880 and mainly represented by: international ENTSO-E subscription for 2021 (4,235,093); annual contribution to ANRE for 2021 (2,747,760); rent and office building maintenance (732,750); down payments to contracts concluded with electricity suppliers, as it is necessary to cover one's own technological consumption (losses) in future periods (39,600); RCA & CASCO policies, and others;
- Other non-current receivables amounting to 4,258,181, mainly composed by 4,199,505 represent securities for temporary land occupation, calculated and withheld in accordance with article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code, with a view to carry out the investment for the 400 kV OHL Resita - Pancevo (Serbia) and management securities;
- Other social receivables amounting to 4,126,676 representing medical leaves the employer paid to employees, which will be recovered from the National Health Insurance House according to applicable legislation.

Down payments to suppliers

On 31 March 2021 down payments to suppliers are represented by supplier-debtors for provided services amounting to 39,504,878 and mainly represent amounts from the transactions associated to the price coupling mechanism (4MMC and SIDC). The price coupling mechanism was applied beginning with 19 November 2014, date when the '4 Markets Market Coupling' project providing connection of the day-ahead electricity markets (DAM) from Romania, Hungary, Czech Republic and Slovakia became operational. Such price coupling mechanism of day-ahead markets means the electricity exchanges correlate the electricity transactions for the following day based on bids, taking into account the interconnection capacity made available by the TSO, whereby it is implicitly allocated. CNTEE Transelectrica SA as TSO transfers electricity both in physical and commercial terms to the neighbouring TSO (MAVIR, Hungary) and manages the congestion revenues on the respective interconnection (article 139 from ANRE Order 82/2014), and in relation to OPCOM SA it is Implicit Participant to the Day-Ahead Market.

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

On 19 November 2019 the 2nd wave was launched under the single European intraday markets coupling (SIDC – *Single*

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

Intraday Coupling), with first deliveries on 20 November. Seven countries: Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia joined the fourteen countries: Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Norway, the Netherlands, Portugal, Spain and Sweden that have been already operated under coupled regime since 2018.

The single intraday markets coupling mechanism provides uninterrupted harmonisation of sale and purchase offers from market participants of a bidding zone with the sale and purchase offers within their own bidding zone and from any other bidding zone where cross-border capacity is available.

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

VAT to recover

Recoverable VAT amounting to 56,454,428 - sum not fully recovered until the date of 31.03.2021.

On 29.04.2021 the sum of 44,475,030 was collected, representing recoverable VAT.

Allowances to impair trade receivables, doubtful trade receivables and other doubtful receivables

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

The greatest impairment allowances on 31 March 2021, calculated for trade receivables and their associated penalties were registered for CET Govora (25,043,172), 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 (13,405,687), Elsaco Energy (9,276,118), RAAN (8.516.707), Opcom (6.276.563), CET Brasov (4.664.627).

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

6. Cash and cash equivalents

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

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Current accounts to banks and deposits with initial maturities up to 90 days, of which:	400,666,535	553,911,833
- <i>Current accounts in banks and deposits with initial maturities up to 90 days, from current activities</i>	228,644,272	283,219,064
- <i>Current accounts in banks and deposits with initial maturities up to 90 restricted days, of which:</i>	172,022,263	270,692,769
a) cash and high efficiency cogeneration deposits;	32,244,221	120,579,656
b) cash and deposits from revenues related to the allocation of interconnection capacities used for network investments;	78,939,523	103,175,219
c) Cash of the connection fee;	32,310,323	17,811,107
d) European funds;	12,211,862	12,073,753
e) Other restricted accounts (energy market securities, dividends);	16,316,334	17,053,034
Cash desk	112,385	91,695
Other cash equivalents	37,653	-
Total	400,816,573	554,003,528

Bank deposits with maturity below 90 days constituted of available monetary sums from current accounts amounted to 127,692,487 on 31 March 2021 and to 266,292,161 on 31 December 2020.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

7. Shareholders' equities

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

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

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

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

On 31 March 2021 the shareholders of CNTEE Transelectrica SA have been: the Romanian State represented by the Secretariat General of Government that holds 43,020,309 shares (58.69%), NN Group NV holding 4,007,688 shares (5.47%), PAVAL HOLDING having 4,753,567 shares (6.49%), other legal person shareholders holding 16,506,466 shares (22.51%) and other natural person shareholders holding 5,015,112 shares (6.84%).

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

The shareholders structure on 31 March 2021 and 31 December 2020 was the following:

Shareholder	31 March 2021		31 December 2020	
	Number of shares	% of share capital	Number of shares	% of share capital
Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,506,466	22.51%	16,305,068	22.24%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,015,112	6.84%	5,216,510	7.11%
Total	73,303,142	100.00%	73,303,142	100.00%

The growth of shareholders' equities on 31 March 2021 compared to 31 December 2020 was mainly determined by registering the net profit amounting to 81,965,926, achieved on 31 March 2021 into the retained earnings.

CNTEE Traselectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

*(All amounts are expressed in LEI, unless otherwise provided)***8. Deferred revenues**

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

On 31 March 2021 the **deferred revenues** statement was as follows:

	31 March 2021	Of which: the current part on 31.03.2021	31 December 2020	Of which: the current part on 31.12.2020
Deferred revenues – allocation of interconnection capacities	2,516,215	2,516,215	2,673,159	2,673,159
Deferred revenues – European funds	1,410,938	1,410,938	1,410,938	1,410,938
Connection fee funds	261,446,238	14,427,867	258,086,562	16,999,239
European funds	90,471,791	6,401,193	92,135,137	6,947,974
Other subsidies	26,386,225	895,293	26,576,078	821,926
Total	382,231,407	25,651,506	380,881,874	28,853,237

Current deferred revenues in January - March 2021 developed as follows:

	31 March 2021	31 December 2020
Balance at the beginning of the period	28,853,237	37,209,745
Deferred proceeds from interconnection capacities	7,855,982	53,932,210
Proceeds from European funds	-	311,139
Transfer from non-current deferred revenues	(3,044,787)	(3,929,590)
Revenues from utilisation of interconnection capacities	(8,012,927)	(57,015,831)
Revenues from European funds	-	(1,654,436)
Total	25,651,505	28,853,237

Non-current deferred revenues developed in January - March 2021 as follows:

	31 March 2021	31 December 2020
Balance at the beginning of the period	352,028,637	360,641,212
Connection subsidies	1,276,284	6,673,474
Non-reimbursable funds	-	(33,388)
Non-reimbursable funds to repay	-	-
Transfer into current deferred revenues	8,740,436	7,393,324
Subsidies resumed into revenues	(5,465,455)	(22,645,985)
Total	356,579,902	352,028,637

9. Borrowings• *Non-current loans*

On 31 March 2021 the value of non-current loans diminished against 31 December 2020 mainly because of repayments made according to existent loan agreements.

In January - March 2021 there have been no loan drawings.

Loan developments in the three months' period ended on 31 March 2021 were as follows:

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2021			125,151,210	
New drawings			-	
Reimbursements, of which:			(5,867,453)	
EIB 25709	EUR	3.596%	(5,867,453)	10-Sep-2025
EIB 25710	EUR	3.856%+2.847%	-	11-Apr-2028
Exchange rate differences on repayment date			1,370,670	
Balance on 31 March 2021			120,654,427	

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

Description	31 March 2021	31 December 2020
EIB 25709	53,355,251	58,613,148
EIB 25710	67,299,176	66,538,062
Total non-current loans from credit institutions, of which:	120,654,427	125,151,210
Current part of non-current loans	(23,748,524)	(23,479,941)
Total non-current loans, net of current instalments	96,905,903	101,671,269

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

	31 March 2021	31 December 2020
From 1 to 2 years	23,748,524	23,479,942
From 2 to 5 years	65,317,210	70,439,826
More than 5 years	7,840,169	7,751,501
Total	96,905,903	101,671,269

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

All non-current borrowings (contracts EIB 25709 and EIB 25710) are bearers of fixed interest rate.

- *Current loans*

These are detailed as follows:

	31 March 2021	31 December 2020
Current part of non-current credits	23,748,524	23,479,941
Account overdraft	-	-
Interest rates of non-current and current borrowings	1,317,538	1,229,864
Total current loans	25,066,062	24,709,805

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

• Loans contracted for current activities

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

The credit line has been secured by means of:

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

The contract was concluded on 11.03.2021. The credit line is fully covered.

10. Trade and other liabilities

On 31 March 2021 and 31 December 2019 trade and other liabilities were as follows:

	31 March 2021	31 December 2020
Suppliers on the electricity market	431,605,338	468,110,907
Asset suppliers	85,071,964	112,384,086
Suppliers of other activities	30,511,787	30,539,187
Amounts owed to employees	7,444,806	9,364,190
Other liabilities	223,088,564	305,527,391
Total	777,722,459	925,925,761

On 31 March 2021 and 31 December 2020 liabilities on balance on the electricity market amounting to 431,605,338 and namely to 468,110,907 had the following structure:

	31 March 2021	31 December 2020
Suppliers on the electricity market, of which:		
- Suppliers - operational activities	178,692,317	178,658,686
- Suppliers - balancing market	114,310,939	140,354,564
- Suppliers - bonus type support scheme to promote high efficiency cogeneration	138,602,082	149,097,657
Total	431,605,338	468,110,907

Suppliers on the electricity market are mainly represented by: OPCOM, SC Hidroelectrica SA, MAVIR, Energy Complex Oltenia, Electrocentrale Bucharest, IBEX, OMV Petrom SA, Veolia Energy Prahova, Veolia Energy Iasi, and CIGA Energy. On 31 March 2021 they accounted for about 87% share in the total number of electricity suppliers.

The higher balance of operational activities was mainly determined by paying in QII 2021 the payment liabilities on balance on the electricity market on 31 March 2021.

The lower liability balance on the balancing market was determined by the paying the payment liabilities on balance on 31 December 2020 on their due date in January 2021.

Lower liabilities under the support scheme to suppliers (generators) was mainly determined by payment the due bonus to RAAN, which has been withheld for compensation.

On 31 March 2021 payment liabilities were registered to suppliers (generators) amounting to 37.7 mill. Lei (RAAN – 34.3 mill. Lei and CET Govora SA – 3.4 mill. Lei), representing the monthly cogeneration bonus; ante-overcompensation for 2014 and 2015; unpaid bonus in 2015, 2016 and 2020. The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld for payment according to article 17 para 5 of Order 116/2013 of ANRE president, because suppliers (producers) register payment liabilities to the Company under the bonus type support scheme.

The Company requested the suppliers (generators) that did not pay the overcompensation invoices the agreement to compensate mutual liabilities at their minimum level by means of the Institute of Management and Informatics (IMI), which is uniformly managing all information received from tax-payers according to HG 685/1999.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

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

Since ANRE Decision 738/28.03.2014 was suspended by court civil judgment 3185/27.11.2015, which had determined the 2011-2013 overcompensation, CET Govora SA has no longer complied with the Agreement terms. Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. Taking into account the provisions of the Insolvency Law 85/2014 the Company ceased, beginning with 9 May 2016, to apply the provisions of article 17.5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the payment mode of the bonus for electricity generated under high efficiency cogeneration and pays monthly the cogeneration bonus owed to CET Govora.

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

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

The lower balance of asset suppliers on 31 March 2021 compared to 31 December 2020 was owed to the procurements of equipment, work and services for investment projects and to their related payments.

Liabilities to suppliers of other activities are mainly represented by liabilities for services provided by third parties, which did not reach maturity and decreased in comparison with 31 December 2020.

On 31 March 2021 the Company did not register outstanding liabilities to suppliers, the state budget or local institutions.

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Sundry creditors	84,690,204	162,823,402
Client - creditors	66,674,680	66,357,754
Dividends to pay	184,554	191,175
Liabilities - Leasing of buildings, current	7,946,014	7,416,569
Liabilities - Leasing of buildings, non-current	27,811,049	30,531,904
Other liabilities	35,782,063	38,206,587
Total	<u>223,088,564</u>	<u>305,527,391</u>

- “Sundry creditors” amounting to 84,690,204 on 31.03.2021 mainly represented:

- The net position of the support scheme for high efficiency cogeneration, a liability position that amounted to 79,322,420.

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

- The value of the contribution to be collected from the suppliers of electricity consumers, the overcompensation value of electricity and heat generation under high efficiency cogeneration, the undue bonus to be collected from

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

generators according to ANRE decisions, on the one hand, and

➤ The value of the cogeneration bonus, the ex-ante overcompensation and the unpaid bonus to be paid by electricity generators under high efficiency cogeneration that are beneficiaries of the support scheme, on the other hand;

- 1,528,593 studies for synchronous interconnection of the power systems from Ukraine and the Republic of Moldova with the European continental system; royalty of QI - 1,199,039; study contracts 606,631; bid participation bonds 197,276 and others.

• “Client creditors” on 31 March 2021 amounted to 66,674,680, of which 66,609,797 represent deferred amounts collected from MAVIR (35,435,973), OPCOM (30,576,221) and IBEX (597,603) under the price-coupling mechanisms 4MMC (4M Market Coupling) and SIDC (Single Intraday Coupling).

• On 31 March 2021 “dividends owed to shareholders” of the Company but unpaid amounted to 184,554. Such amounts are at the disposal of shareholders by means of the payment agent.

• On 31 March 2021 the “liability for assets relating to the utilisation rights of assets under leasing – buildings”, according to the provisions of IFRS 16, Leasing Contracts, amounted to 35,757,063, of which:

- Current liability: 7,946,014;

- Non-current liability: 27,811,049;

• “Other liabilities” amounting to 35,782,063 are mainly represented by the performance bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA and reached to 16,729,251 and non-demandable VAT during the reporting period (18,843,307).

Provisions

On 31 March 2021 and 31 December 2020 provisions were as follows:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Provisions for disputes	47,771,461	50,441,491
Provisions for mandate contracts, mainly OAVT	23,941,005	33,232,691
Other provisions	10,035,585	13,887,360
TOTAL	<u>81,748,051</u>	<u>97,561,542</u>

Provisions for disputes on balance on 31.03.2021, amounting to 47,771,461 are mainly represented by provisions constituted for the following disputes:

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

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

It was deferred to provide the expertise evidence, with term established on 21.01.2020. On the same date the case was deferred in order to make the expertise, and a new term was set on 31.03.2020. The settlement in brief on the 31.03.2020 term: it was lawfully suspended according to article 42 para 6 from Decree 195/2020 of Romania’s president instituting the emergency state on Romanian territory, during the entire emergency period. TERM: 13.10.2020. On this term the decision was to draw up an expertise report and the term was established on 08.12.2020 to provide the expertise evidence. On the 08.12.2020 term the law court deferred the case to have the expertise report completed and set a new term on **11.05.2021**.

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

On 22.03.2021 the settlement in brief was: It suspended the judgment of the summons filed by claimant Resita City in contradiction with the National Power Grid Company Transelectrica SA pertaining to claims, in accordance with article 413 para (1) pt. 1 of the Civil Procedural Code; appeal right granted during the suspension of file judgment, to the higher instance. It was pronounced at public hearing on 22 March 2021.

Next term is set on **13.05.2021**.

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

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

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

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

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

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

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

The settlement in brief of the Appeal Court Bucharest was: "In accordance with article 413 para (1) pt. 1 of the Civil Procedural Code it suspends case settlement until final settlement of file 3155/115/2018 on the docket of the High Court of Cassation and Justice; appeal right granted during the entire suspension. It was pronounced on 19.05.2020. Pronouncement will occur by placing the ruling at the parties' disposal by the court clerk". A new recourse is set on 23.03.2021.

On the 23.03.2021 recourse term the ICCJR decided under Ruling 424: "It denies as groundless the appeals filed by claimant National Power Grid Company Transelectrica SA and defendant National Authority of Forests Romsilva, Forestry Division Caras - Severin against civil ruling 17 / 30 January 2020, pronounced by the Appeal Court Timisoara, Section I civil. It decides returning the judiciary stamp tax in quantum of 19,012.3 Lei to the recurrent-claimant National Power Grid Company Transelectrica SA; final".

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

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

After several terms when the case was deferred (26.06.2020, 16.10.2020, 11.12.2020) for various reasons, on the

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

The file pertains to claims, representing additional costs related to the growth of minimum salary in constructions and compelling to conclude an addendum to contract C54/2018. The first file term was established on **10.06.2021**.

- *File 704/1285/2020 - claimant ENERGOBIT SA (1,754,155)*

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

After two hearing terms (10.11.2020 and 17.11.2020) and two deferrals pronounced (24.11.2020 and 27.11.2020) on 02.12.2020 the Specialised Cluj Tribunal pronounced civil ruling 1859/2020 whereby it decided as follows: "It admitted the case filed by claimant SC Energobit SA in contradiction with defendant Transelectrica SA. It compelled the defendant conclude with the claimant an addendum to Work Contract C18/07.02.2017, after indexation of the national gross minimum salary guaranteed for payment in constructions. It compelled the defendant to pay the claimant 1,618,421.14 Lei, VAT free, representing difference of manual labour costs offered and executed under Work Contract C18/07.02.2017, pertaining to the work statements until September 2020, inclusive. It compelled the defendant to pay the claimant 101,339.90 Lei representing 0.02%/day delay penalties, calculated to the principal liability until 15.10.2020, as well as further 0.02%/day delay penalties until paying the principal liability. It compelled the defendant to pay the claimant 40,645.04 Lei, as law suit expenses, representing judiciary stamp tax and lawyer's fee; appeal right within 10 days from notification, to be submitted to the Specialised Cluj Tribunal"

The Company filed appeal against the sentence of the Specialised Cluj Tribunal.

On the 22.04.2021 term the instance filed the appeal filed by recurrent-claimant CNTEE Transelectrica SA against civil ruling 1859 pronounced on 02.12.2020 under file 704/1285/2020 of the Specialised Cluj Tribunal, which it has fully kept. It compelled the recurrent-claimant to pay 5,798.28 Lei to Energobit SA as law suit expenses for the appeal; such ruling is final and enforceable.

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

On 23.10.2020 Energobit SA sued the Company to update the contractual price of contract C199/2016 (Refurbishing the 220/110 kV substation Turnu Severin Est), because the minimum salary was indexed in constructions according to OUG 114/2018. To this effect it requested compelling the Company to conclude an addendum and pay 762,310.75 Lei, representing manual labour difference + 49,550.03 Lei, representing delay penalties.

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

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

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

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

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

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

After the 17.02.2021 hearing term and two pronouncement deferrals (17.02.2020 and 22.02.2021), on 01.03.2021 the Specialised Cluj Tribunal pronounced civil ruling 405/2021 whereby it decided as follows: It denied as groundless the exception of absent interest to sustain the first request item, an exception claimed by the defendant. It admitted the case filed by claimant SC E. E. SA in contradiction with defendant C. T. SA. It compelled the defendant to conclude with the claimant an addendum to the work Contract C21/28.07.2016, pertaining to changing the contractual price because of the indexation of the gross minimum basic salary guaranteed for payment nation-wide in constructions according to OUG 114/2018. It compelled the defendant to pay in favour of the claimant 965,015.16 Lei, VAT free, representing difference between the offered manual labour and the actually executed manual labour under work Contract C21/28.07.2016, according to the work statements of February – July 2019. It compelled the defendant to pay in favour of the claimant 379,340.93 Lei, representing 0.1%/day delay penalties, calculated to the principal debt until 31.07.2020, and 0.1%/day further delay penalties until full payment of the principal debt, penalties being limited to the principal debt, plus VAT. It compelled the defendant to pay in favour of the claimant 35,519.20 Lei as law suit expenses, representing judiciary stamp tax and lawyer's fee; appeal granted within 10 days from notification".

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

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

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

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

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

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

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

Provisions for mandate contracts on balance on 31 March 2021, amounting to 23,941,005 mainly represent the remuneration of executive and non-executive administrators, which consists of the variable component associated to the OAVT packages allocated and not capitalised during the mandates executed in 2013-2017.

Other provisions include (estimated) provision constituted for employees' participation to the profit of 2020 financial year and holiday leaves not taken.

11. Other tax and social security liabilities

On 31 March 2021 and 31 December 2020 other tax and social security liabilities comprised:

	<u>31 March 2021</u>	<u>31 December 2020</u>
Contribution to social security funds	8,278,336	13,542,683
Salary tax	2,136,223	2,465,884
Other payable taxes	1,516,080	1,002,862
Total	<u>11,930,639</u>	<u>17,001,429</u>

On 31 March 2021 the Company registered payment liabilities for its contributions to social security funds, salary tax and other taxes, which were due and paid in April 2021.

12. Income tax

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

The income tax expense in QI 2021 and QI 2020 were as follows:

	<u>Quarter I 2021</u>	<u>Quarter I 2020</u>
Current income tax	13,915,613	17,705,439
Deferred income tax	(1,467,590)	(2,465,962)
Total	<u>12,448,023</u>	<u>15.239.477</u>

13. Operational revenues

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

ANRE-approved tariffs for services provided on the electricity market in quarter I 2021 and quarter I 2020 were as follows:

	<u>Average tariff of transmission services</u>	<u>Tariff of technological system services</u>	<u>Tariff of functional system services</u>
Order 10 / 24.02.2021 for 01 March – 31 March 2021	20.55	10.82	-
Order 214 / 09.12.2020 for 01 January – 28 February 2021	20.55	11.96	-
Order 10 / 15.01.2020 for 16 January – 31 March 2020	17.97	13.05	1.84
Order 218/11.12.2019 for 01 January – 15 January 2020	18.33	13.05	1.84

Throughout 2020 with a view to implement the new package of European regulations, especially Regulation (EU) 2019/943 and Regulation (EU) 2017/2195, the methodologies establishing tariffs for electricity transmission services and the tariffs of system services have been harmonised, namely the *Methodology establishing tariffs for electricity transmission services*,

CNTEE Tranelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

approved by ANRE Order 171/2019 and the *Methodology establishing tariffs of system services*, approved by ANRE Order 45/2017, as later amended, with the provisions of the fore-mentioned European regulations.

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

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

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

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

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

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

	Quarter I 2021	Quarter I 2020
Electricity quantity delivered to consumers (MWh)	14,925,052	14,412,144

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

	Q I 2021	Q I 2020
Transmission revenues	305,622,731	258,894,401
Revenues from the allocation of interconnection capacities	10,388,921	17,915,709
Revenues from reactive electricity	121,252	88,638
Inter TSO Compensation (ITC) revenues	327,691	1,833,346
Revenues of CPT transactions	6,140,169	2,239,622
Transmission revenues – total	322,600,764	280,971,716
Revenues of functional system services	-	26,518,837
Revenues of technological system services	173,135,187	188,252,315
Revenues with unplanned exchanges on the DAM	74,318	57,358
Revenues of system services – total	173,209,505	214,828,510
Balancing market revenues	220,223,106	97,519,313
Other revenues	10,281,649	9,523,600
Total revenues	726,315,024	602,843,139

Transmission revenues; revenues of functional system services

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

Thus transmission revenues registered increase by 20,209,493 in quarter I 2021 compared to quarter I 2020, as determined by the 3.56% higher electricity quantity delivered to consumers, namely by 512,908 MWh and by the higher average tariff of transmission services approved by ANRE (according to the fore-mentioned ANRE-approved tariffs in previous time periods).

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

Revenues from the allocation of interconnection capacities

Such revenues recorded decrease of 7,526,788 in quarter I 2021 compared to quarter I 2020, in accordance with the utilisation 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 reduced revenues from the allocation of interconnection capacities registered during the studied period are owed to smaller participants' interest to purchase interconnection capacity, and electricity was transacted more on internal markets.

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

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

Beginning with 2016 the UIOSI principle was implemented on the Bulgarian border and from 2017 onward on the Serbian border as well. In accordance with such principle market participants that do not use the capacity they had won at annual and monthly bids are remunerated (by Transelectrica) for this capacity. The unused capacity is later sold under daily bids. The sense is reversed on the Hungarian border, meaning that MAVIR remunerates the participants for unused capacities.

As of November 2019 the 2nd wave was launched under the single European solution for intraday markets coupling (SIDC – Single Intraday Coupling). The single intraday markets coupling mechanism provides continuous harmonisation (matching) of sale and purchase offers from market participants of a bidding zone with the sale / purchase offers within their own bidding zones and any other bidding zone where cross-border capacity is available. Thus explicit intraday bids are performed only on the Serbian border, being implicit on the Bulgarian and Hungarian ones (within SIDC).

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

Inter TSO Compensation (ITC) revenues

Such revenues were smaller by 1,505,655 in quarter I 2021 compared to quarter I 2020. They dropped because the imported / exported / transited electricity was lower than in quarter I of last year (95,405 MWh in 2021 compared to 478,334 MWh in 2020), while the applied import / export / transit rate decreased from 0.8 Euro/MWh to 0.7 Euro/MWh in the studied period.

Revenues of CPT transactions

Such revenues were mainly obtained by selling the excess electricity on the Intraday Market managed by OPCOM and by means of BRP CIGA ENERGY on the Balancing Market.

Such revenues were higher in quarter by 3.900.547 in quarter I 2021 compared to quarter I 2020, taking into account the imbalances of Transelectrica were contrary to the imbalances of BRP CIGA ENERGY and thus the sale of excess electricity under the BRP was more beneficial than selling it on the Balancing Market.

Revenues of technological system services

Such revenues dropped 15,117,128 in quarter I 2021 compared to quarter I 2020, as determined by the diminished tariff approved by ANRE for such services (according to the fore-mentioned ANRE-approved tariffs in previous time periods), while the electricity quantity delivered to consumers increased 3.56%, namely by 512,908 MWh.

In quarter I 2021 revenues of technological system services were higher by 30,073,749 in comparison with the expenses made to procure technological system services.

Balancing market revenues

They registered increase in sum of 122.703.793 in quarter I 2021 compared to quarter I 2020, mainly determined by the following issues:

- Regulatory issues:

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

- Bidding limits were removed from the balancing market according to the *Regulation on the operation and settlement of the balancing market* and the *Regulation to schedule dispatchable generating units, the dispatchable consumers and dispatchable storage installations*, approved by ANRE Order 61/2020, published in Romania's Official Gazette 287/2020;
 - Eliminating the obligation to participate on the balancing market according to the *Regulation to calculate and settle the imbalances of balancing responsible parties – single imbalance price* amending certain Orders of the President of the National Regulatory Authority in the Energy domain, approved by ANRE Order 213/2020, published in the Official Gazette 1201/2020;
 - The balancing market passed to the 15 minutes' balancing interval;
 - Beginning with 1 February 2021 a single settlement price has been applied on the balancing market;
- Market running issues:
 - The contracting mode on the markets previous to the balancing one;
 - The development of hydraulic capacity;
 - The development of the average deficit price registered on the balancing market;
 - Decrease of the negative imbalance registered by electricity suppliers on the balancing market;
 - Decrease of the electricity demand (consumption) during a mild winter;
 - Reduced electricity consumptions as a result of regulations issued by the Public Central Administration to prevent spreading the Covid-19;

For 2021 estimations are that such regulations implemented in the national legislation according to the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019 regarding the electricity market, settlement made at 15 minutes' granularity, applying the single settlement price on the balancing market and the management of COVID-19 spreading country-wide will significantly impact the development of revenues / costs on the balancing market.

In quarter I 2021 balancing market revenues were higher by 8,068,268 against the expenses made on the balancing market.

14. System operation expenses; balancing market expenses

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

	Quarter I 2021	Quarter I 2020
Expenses regarding one's technological consumption	93,444,473	64,731,332
Congestion expenses	177	-
Expenses regarding electricity consumption in RET substations	6,017,688	4,151,240
Expenses regarding functional system services	3,905,056	6,593,116
Inter TSO Compensation (ITC) expenses	5,378,925	5,868,890
Total operational expenses	108,746,319	81,344,578
Expenses regarding technological system services	143,061,438	165,933,308
Balancing market expenses	212,154,838	97,519,313
Total	463,962,595	344,797,199

Expenses regarding one's technological consumption

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

Expenses regarding one's technological consumption were higher by 28,713,141 in quarter I 2021 compared to quarter I 2020, taking into account some issues as follows:

- One's technological consumption registered in the studied interval was about 28 GWh (32%) in January, namely about 32 GWh (44%) in February and about 13 GWh (16%) in March higher than in the similar period of 2020;
- The average price of the electricity procured on the DAM was 20 Lei/MWh higher in January 2021 (272.05 lei/MWh)

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

against January 2020 (252.33 Lei/MWh), 41.39 Lei/MWh higher in February 2021 (235.05 Lei/MWh) compared to February 2020 (193.66 Lei/MWh) and 122.64 Lei/MWh higher in March 2021 (265.62 Lei/MWh) than in March 2020 (142.98 Lei/MWh);

- The average price of electricity procured on the Balancing market grew about 11% in January 2021 compared to the same period of last year (from 421.85 Lei/MWh to 472.29 Lei/MWh), in the context of important changes having occurred on the balancing market as of 1 September 2020, once ANRE Order 61/2020 became effective. After recording negative imbalances 50% higher than last year, expenses made on the balancing market to procure electricity to cover the CPT were about 60% greater.

Expenses regarding electricity consumption in RET substations

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

Such expenses grew 1,866,448 in quarter I 2021 compared to quarter I 2020, increase owed to higher electricity procurement prices in 2021.

Expenses regarding functional system services

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

Such expenses for functional system expenses decreased by 2,688,060 in quarter I 2021 compared to quarter I 2020, mainly determined by reduced balancing market expenses regarding unplanned electricity exchanges with neighbouring countries interconnected to SEN and unplanned exchanges on the Day-Ahead Market.

Inter TSO Compensation (ITC) expenses

They represent monthly payment obligations / collection rights of each transmission system operator (TSO). They are established under the compensation / settlement mechanism for the effects of using the electricity transmission network (RET) for electricity transits in-between TSOs of the countries that have adhered to such ENTSO-E mechanism. In quarter I 2021 such expenses were 489,965 lower than in the similar period of last year.

Expenses regarding technological system services

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

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

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

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

Expenses regarding technological system services registered 22,871,870 drop in quarter I 2021 compared to quarter I 2020, mainly under the influence of the following factors:

- The procurement prices of technological system services in 2021 were maintained around those recorded in 2020 on the competitive market for secondary reserve (RS) and fast tertiary reserve (RTR);
- In 2021 there was high concentration of the market for technological system services for secondary reserve (RS) technological system services.

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

Such expenses made in quarter I 2021 amounted to 212,154,838 and were higher by 114,635,525 than those made in quarter I 2020. Such expenses result from the notifications / achievements of market participants.

15. Personnel expenses

	Quarter I 2021	Quarter I 2020
Expenses for employees' salaries	49,141,166	45,178,585
Social expenses	424,468	552,365
Expenses with tickets granted to employees	2,266,980	1,662,435
Expenses for the mandate contract and other committees, commissions	1,025,127	748,455
Insurance and social protection expenses	5,264,320	3,509,366
Provisions constituted for salary expenses and assimilated ones	(9,296,339)	(3,259)
Other expenses	155,380	225,497
Total	48,981,102	51,873,444

The total personnel expenses made in quarter I 2021 decreased compared to quarter I 2020, mainly determined by resuming provisions into revenues while at the same time paying OAVT Certificates under court rulings (OAVT = remunerations of executive and non-executive administrators consisting of the variable component associated to the allocated OAVT packages not capitalised during the mandates executed in 2013-2017).

16. Other operational expenses

	Quarter I 2021	Quarter I 2020
Other expenses with services provided by third parties	15,825,046	15,039,888
Postal expenses and telecommunication fees	181,594	210,200
Royalties and rental expenses	1,435,271	363,043
(Net) operational expenses related to impairment allowance for current assets	45,351	411,553
Other expenses, of which:	19,225,129	10,087,048
- <i>(Net) expenses regarding provisions for other operational expenses</i>	(6,264,513)	298,043
- <i>Expenses regarding OAVT-s acc. to court ruling</i>	9,419,836	-
- <i>Expenses regarding taxes and charges (ANRE fees, natural monopoly tax, other local taxes and charges)</i>	7,548,295	4,920,556
- <i>Expenses with fines and penalties (mainly from disputes)</i>	2,849,793	3,055
- <i>Other operational expenses, fiscally non-deductible</i>	1,539,089	6,855
- <i>Expenses regarding international subscriptions</i>	1,419,009	1,327,251
- <i>Travel expenses</i>	679,618	710,514
- <i>Expenses for procured natural gas</i>	490,321	396,918
- <i>Expenses for personnel transportation</i>	321,349	268,151
- <i>Expenses for merchandise</i>	247,010	97,413
- <i>Expenses for electricity procured in view of the administrative consumption</i>	141,662	857,178
- <i>Expenses generated by the Covid-19 pandemic</i>	31,182	174,086
- <i>Other operational expenses</i>	802,478	1,027,028
Total	36,712,391	26,111,732

In quarter I 2021 such expenses increased 10,600,659 compared to quarter I 2020, as determined by the variation of certain expense items such as:

- Registering the OAVT expenses made under enforceable rulings issued by law courts (performance bonus associated to OAVT Certificates granted to former executive and non-executive members and not capitalised, remuneration according to mandate contracts concluded in 2013 – 2017);
 - Higher expenses for taxes and charges, taking into account in February 2021 the sum of 2,140,264 was registered, representing expenses for value added tax not admitted for deduction in 2014-2016, according to the Fiscal audit report F-MC18/16.02.2021 and to Taxation decision F-MC 22/16.02.2020 with respect to main fiscal liabilities associated to

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

- the differences between the taxation bases established under fiscal inspections to legal persons, issued by ANAF, General Directorate for Large Tax Payers Administration. For the paid amount, the Company had constituted a provision, which was resumed into revenues while at the same time paying it;
- Registering in March 2021 the amount of 2,845,587 Lei (582,086.31 Euro) and the legal penalising interest associated to the principal debt, calculated as of 11.06.2014 until 24.03.2021. These amounts were paid to OPCOM SA, for which we present the following:
After pronouncement of civil ruling 614 / 16.03.2021 by the ICCJ, Section II Civil which denied the appeal filed by CNTEE Transelectrica SA against Ruling 1813/2018, issued by the Appeal Court Bucharest under file 40814/3/2014*, thus constituting the enforceable title; sentence 4275/24.06.2015 pronounced by Bucharest Tribunal under file 40814/3/2014 is final. Thus the Company paid 2,845,587 Lei (582,086.31 Euro) to subsidiary OPCOM SA, representing the amount paid by claimant OPCOM SA instead of the defendant (the Company) from the total value of the 1,031,000 Euro fine applied by European Commission Decision of 05.03.2014, with respect to a procedure initiated under article 102 of the Treaty regarding the operation of the European Union in case AT.39984. The fore-mentioned EC decision provided as such: "Article 1 – CNTEE Transelectrica SA and its subsidiary SC OPCOM SA have perpetrated single and continuous trespass of article 102 of the treaty from 30 June 2008 until at least 16 September 2013 in form of discrimination, since they have requested the Union traders intending to participate to Romania's Day-Ahead Market and Intraday Market of electricity to get registered for VAT purposes in Romania.
Article 2 – For the trespass mentioned in article 1, enterprises CNTEE Transelectrica SA and SC OPCOM SA are applied 1,031,000 Euro fine, they being jointly liable to pay the entire fine..."
For the amount paid, the Company had set up a provision since 2015, which on the date of payment was resumed at income.
 - Higher royalty and rental expenses (because the annual royalty quantum grew from 0.1% to 0.4%, in accordance with the provisions of Law 244/09.11.2020 amending the Electricity and natural gas law 123/2012), greater expenses for international subscriptions, for merchandise etc.;
 - Diminishing the (net) provision expenses regarding operational expenses, taking into account the revenues resumed the provisions constituted for ANAF & OPCOM SA.

17. Net financial result

	<u>Quarter I 2021</u>	<u>Quarter I 2020</u>
Interest revenues	628.881	1,712.388
Revenues from exchange rate differences	1,165,626	807,232
Other financial revenues	24,365	26,204
Total financial revenues	1,818,872	2,545,824
Interest expenses	(1,131,285)	(2,187,318)
Expenses from exchange rate differences	(2,068,947)	(1,945,532)
Total financial expenses	(3,200,232)	(4,132,850)
Net financial result	(1,381,360)	(1,587,026)

On 31 March 2021 the Company registered net financial result (loss) in sum of 1,381,360, namely 205,666 lower than that recorded in the similar period of 2020. It was mainly influenced by the development of the national currency's exchange rates with the hard currencies the Company has contracted bank loans to finance its investment plans (Euro).

The exchange rate of the national currency registered on 31 March 2021 compared to that recorded on 31 March 2020 was the following:

Currency	<u>31.03.2021</u>	<u>31.03.2020</u>
Lei / Euro	4.9251	4.8254
Lei / US Dollar	4.1969	4.3983

18. 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 provisions for the amounts involved or their mention in the financial statements.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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 AUTHORITY FOR NUCLEAR ACTIVITIES (RAAN)

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

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

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

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

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

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

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

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

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

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

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

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

Under RAAN's bankruptcy file 9089/101/2013 Mehedinti Tribunal established on 11.06.2020 to defer the case. Settlement in brief: a term was granted to continue liquidation procedures, to represent the debtor's interests in the disputes found on the dockets of law courts, to consolidate the creditors' list, to continue measures to recover receivables, to continue public auctions pertaining to capitalising the debtor's assets.

The following term was established on 04.02.2021. Settlement in brief: **it granted term on 3 June 2021**, 11:00 h to continue the procedure, assess all the patrimonial inventories, draw up sale regulations, sell the assets and recover the receivables.

• ROMANIA'S COURT OF AUDIT

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

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

Transelectrica filed appeal on 14.06.2019 and the next term was established on **28.10.2021**.

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 as follows: on the docket of the Appeal Court Bucharest (2 files: 6576/2/2017 on cancelling the findings from items 7.1, 7.2 and 8, as well as the measure decided in item II.10, term on 20.01.2021 and file 6581/2/2017 on cancelling the findings from item 6, and the measure decided in item II.9, hearing term on 12.03.2021), on the docket of the High Court of Cassation and Justice (4 files: 6577/2/2017 on cancelling the findings from item 13, and the measure decided in item II.13, became file no 1614/1/2020. hearing term on 27.01.2022, file no 6578/2/2017 on cancelling the findings from item 9 and the measure decided in item II.11, hearing term on 08.06.2022, file no 6574/2/2017 on cancelling the findings regarding item 5.2 and the measure decided in item II.8, hearing term on 19.10.2021). Three files

Three files were definitively resolved, by rejecting the application for annulment by the Bucharest Court of Appeal and rejecting the appeals by the High Court of Cassation and Justice (file no. 6583/2/2017 regarding the annulment of the findings from point 5.1 as well as the measure ordered in point II.7 and II.8 and the file no.6582 / 2/2017 regarding the annulment of the findings from point 11 as well as of the measure ordered in point I.5, the file no.6580 / 2/2017 regarding the annulment of the findings from point 10 as well as the measure set out in point II.12)".

• ANRE

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

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancelled annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken for the calculation of the regulated rate of return (RRR) by ANRE according to the Methodology establishing the tariffs of electricity transmission services approved by ANRE Order 53/ 2013 (“Methodology”) determined the RRR at 7.7%.

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

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

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

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

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

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

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

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

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

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

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

• OPCOM

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

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

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

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

At the hearing session on 24.07.2015 the court admitted the summons filed by claimant Gas and Electricity Market Operator OPCOM SA in contradiction with the National Power Grid Company Transelectrica SA and compelled the defendant to pay 582,086.31 Euro to the claimant representing the amount which the claimant paid instead of the defendant from the fine amounting to 1,031,000 Euro applied by the European Commission’s Decision of 05.03.2014 in case AT.39984, as well as associated legal interest to 582,086.31 Euro, calculated as of 11.06.2014 until actual payment. Also

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

the court compelled the defendant to pay 37,828 Lei to the claimant as law suit expenses; appeal right granted within 30 days from notification. Transelectrica SA filed appeal against sentence 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

The Appeal Court's settlement in brief: It admitted the appeal, changing entirely the civil ruling appealed against, meaning it denied the summons as groundless. It compelled the recurrent-claimant to pay law suit expenses amounting to 16,129 to the defendant, representing judiciary stamp fee. Appeal right granted within 30 days from notification. It was pronounced at public hearing on de 10.10.2016. Document: Ruling 1517/2016 din 10.10.2016.

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

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

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

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

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

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

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

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

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

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

On the 10.11.2020 term settlement in brief was the following: "It admitted in principle filed by the recurrent-intimated NATIONAL POWER GRID COMPANY TRANSELECTRICA SA against ruling 1813/2018 / 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil. It established the hearing term on 9 March 2021, 9:00 h in order to solve the appeal at public hearing by summoning the parties".

On the 09.03.2021 term the ICCJ stayed the pronouncement, deferring it for 16.03.2021 when, by Ruling 614/2021, it decided as follows: "It denies as groundless the appeal filed by the recurrent-intimated NATIONAL POWER GRID COMPANY TRANSELECTRICA SA against ruling 1813/2018 / 1 October 2018 pronounced by the Appeal Court Bucharest, Section V Civil. It compels the recurrent-defendant NATIONAL POWER GRID COMPANY TRANSELECTRICA SA to pay law suit expenses amounting to 8,310.71 Lei and representing lawyer fee to the intimated-claimant OPERATOR OF THE ELECTRICITY AND NATURAL GAS MARKET OPCOM SA; final".

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

• ASITO KAPITAL SRL

On 01.07.2017 the Company filed summons with respect to issuing payment ordinance, case under file 24552/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, requesting the instance to pronounce decision compelling debtor ASITO KAPITAL SA to pay 7,058,773.36 Euro (equivalent to 31,180,857.96 Lei) representing security policies for down payments BR 1500544/18.11.2015 and BR 1500520/29.07.2015.

Taking into account the cancellation request filed by ASITO KAPITAL SA against Ruling 4067/2017 the Company constituted dispute provision amounting to 31,180,858 Lei.

Settlement in brief: It admitted the request and ordered the debtor to pay 2,237,750.83 Euro within 20 days from receipt of this ruling (equivalent of 9,948,592.64 Lei at the exchange rate 1 Euro = 4.4458 Lei) representing unreturned down payment secured under the security letter BR-1500544/18.11.2015 as well as 4,821,022.53 Euro (equivalent of 21,233,265.32 Lei at the exchange rate 4.4041 Lei / Euro) representing unreturned down payment secured under security letter BR-1500520/29.07.2015; as well as 200 Lei as law suit expenses. Cancellation request right was granted in 10 days from notification.

Ruling 4067/07.10.2017 was written and notified to both parties on 17.10.2018.

On 01.11.2018 Ruling 4067/07.11.2017 was legalised and transmitted to BEJ Raileanu to execute the enforceable title.

On 06.11.2018 ASITO KAPITAL SA paid to the Company 31,181,857.96 as follows:

- 21,233,265.32 according to Civil Ruling 4067/2017 (4,821,022.53 EUR at 4.4041 / 1 LEU);
- 9,948,592.64 according to Civil Ruling 4067/2017 (2,237,750.83 EUR at 4.4458 / 1 LEU);

In case of file 35865/3/2018 (former file 24552/3/2017) the hearing term was established on 19.02.2019 with a view to settle the cancellation request of the payment ordinance providing return of 31.2 mill Lei.

On the 19.02.2019 term when the juridical inquiry ended and the floor was given to the parties for exceptions, evidence and the case substance matter the instance deferred pronouncement twice until 20.03.2019. After deliberation Bucharest Tribunal pronounced the following settlement in brief:

- It denied the request with respect to reversing the enforcement as inadmissible;
- It denied the request to return the stamp tax relating to the request with respect to reversing the enforcement as groundless;
- It denied the cancellation request filed by the contester-debtor ASITO KAPITAL SA against Civil ruling 4067/07.11.2017 pronounced by Bucharest Tribunal, Section VI Civil under file 24552/3/2017, in contradiction with the recurrent - creditor National Power Grid Company TRANSELECTRICA SA as groundless; final. It was pronounced at public hearing on 20.03.2019;

Document: Ruling 743/2019 /20.03.2019.

The Clerk office certificate issued on 18.04.2019 by Bucharest Tribunal, Section VI Civil certified Ruling 743/2019 / 20.03.2019.

On 04.10.2019 Asito Kapital filed appeal against Civil Sentence 3840/19.12.2018 and the file was submitted to the Appeal Court Bucharest to settle the appeal; the hearing term has not been set to date. Transelectrica filed contestation within the legal interval and the hearing term has to be set.

On the 11.11.2019 term the case was deferred. Settlement in brief: It admitted the request; it spread out the stamp judiciary fee owed by the complainers under this case in quantum of 185,790.30 Lei into 3 equal monthly instalments due on the 20th day of each month, beginning with November 2019, in quantum of 61,930.10 Lei each. Re-examination request right was granted within 15 days from notification.

The following term under file 28445/3/2017 (3055/2019): 18.05.2020.

On the hearing term of 18.05.2020 the appeal was denied as groundless; appeal within 30 days from notification. Ruling 287/18.05.2020.

File 18109/3/2020 submitted cancellation request for file 35865/3/2018 review, on the 24.09.2020 term the case was deferred in order to enable the claimant to indicate the current address of the intimated party.

On the 19.11.2020 term the settlement in brief was: As time was required for deliberation, it deferred pronouncement on 02.12.2020, when the settlement will be placed at the parties' disposal by means of the court clerk. It was pronounced at public hearing on 19.11.2020. Document: Conclusion - Initial deferral of pronouncement 19.11.2020.

On the 02.12.2020 term the settlement in brief was: It denied the review as inadmissible; final. It was placed at the parties' disposal by the court clerk on 02.12.2020. Document: Ruling 2428/2020 / 02.12.2020.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

• CONAID COMPANY SRL

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

Case judgement was deferred to 17.06.2016, when the court postponed pronouncement to 29.06.2016, when it pronounced Ruling 2148/2016 whereby it decided as follows: “It denies the exceptions invoked by the recurrent-claimant SC Conaid Company SRL by means of the judiciary administrator RVA Insolvency Specialists SPRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA. It admits the appeal filed by the defendant National Power Grid Company Transelectrica SA against the hearing conclusion of 18 February 2014 and civil ruling 1866 of 11 June 2014 pronounced by the Appeal Court Bucharest, Section VIII of Administrative and Fiscal Disputes. It cancels the contested 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 was granted within 30 days from notification. The appeal was filed to the Appeal Court Bucharest, Section VI Civil and the court clerk office notified it on 23.11.2017.

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

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

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

It was deferred 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 to provide the expertise and the next term was established on 31.03.2020.

On the 31.03.2020 term the settlement in brief was: It was lawfully suspended as per article 42 para 6 of Decree 195/2020 of Romania’s president instituting the emergency state on Romanian territory, during the entire emergency state. A new hearing term was established on 08.12.2020 to provide the expertise evidence.

On the 08.12.2020 term the court deferred the case in order to complete the expertise report and established a new term on **11.05.2021**.

• FF WIND ENERGY INTERNATIONAL SRL

File 47332/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, whereby Company FF Wind Energy International SRL requests in contradiction with CNTEE Transelectrica SA: cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295; compelling the Company to pay 32,777,167.35

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

On the hearing term of 28.12.2018 the court denied the summons as filed for being groundless. It acknowledged the defendant has not requested law suit expenses; appeal right granted within 30 from notification. In accordance with article 425 para 3 and article 471 para 1 of the Civil Procedural Code, the appeal and its grounds are submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3891/28.12.2018.

Company FF Wind Energy International SRL filed appeal, which was judged on 18.06.2019, but pronouncement was deferred to 23.07.2019, when the settlement in brief was the following: "It denies the appeal as groundless; appeal right granted within 30 days from notification. The appeal files to be submitted to the Appeal Court Bucharest, Section VI Civil, pending nullity. It was pronounced at public hearing. Document: Ruling 1191/23.07.2019".

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

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

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

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

On the hearing term of 30 March 2021 the settlement was: **It deferred the case to 14 September 2021.**

• ROMENERGY INDUSTRY

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

Settlement in brief: It established the term on 14.10.2019 to continue the bankruptcy procedure by capitalising the assets and recovering the receivables. The judiciary liquidator was to execute and submit to the file: - every 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 hearing term of 27.01.2020 the verification term was set on 11.05.2020, to continue the bankruptcy procedure by capitalising the goods and recovering the assets. The judiciary liquidator was to execute and submit to the file: - every 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 on Romania's territory.

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

On the 05.10.2020 term the case was deferred. Settlement in brief: a term was set on 18.01.2021 to continue the bankruptcy procedure by capitalising the debtor's assets. The judiciary liquidator will execute and submit to the file: - every 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 18.01.2021 the case was deferred. Settlement in brief: It approved Report 1334 on the funds obtained by liquidating the debtor's assets and Plan 1335 to distribute the funds. It established the term on **24.05.2021** to continue the bankruptcy procedure by capitalising the goods and recovering the assets. The judiciary liquidator was to execute and submit to the file: - every 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.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

• DAGESH ROM

File 17284/3/2015 on the docket of Bucharest Tribunal / Appeal Court pertained to: claims amounting to 2,784,950 Lei, representing lease indexation and delay penalties for such rent indexation + 168,500 Lei representing a difference of service fee and delay penalties.

Settlement of TMB: It compelled the claimant to pay 2,250 Lei as law suit expenses to the defendant.

Appeal right was granted within 30 days from notification, to be submitted to Bucharest Tribunal, Section VI Civil. It was pronounced at public hearing; Ruling 7230/15.11.2016.

Settlement of CAB: Dagesh filed appeal on 04.10.2017. Settlement in brief: It admitted the appeal. It partly changed the contested ruling; it partly admitted the summons, namely it compelled the defendant to pay 76,265.23 Lei as service fee difference for 2012 and 76,265.23 Lei as related delay penalties. It maintained the other ruling provisions appealed against. It compelled the recurrent defendant paying to the recurrent claimant 31,877.45 Lei as law suit expenses, for first instance and appeal; appeal right within 30 days from notification. Appeal will be submitted to the Appeal Court Bucharest, Section VI Civil. It was pronounced at public hearing. Document: Ruling 810/20.04.2018. Final

• RESITA CITY

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

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

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

On the hearing term of 25.10.2019 the exception is admitted of territorial incompetence of Bucharest Tribunal. It declined the settlement competence of this case in favour 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 by Ruling 2376/25.10.2019.

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

File 2494/115/2018**. Term: 16.11.2020, Caras Severin Tribunal.

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

On the 22.03.2021 term the settlement in brief was: it suspended the summons filed by claimant Resita City by means of the Mayor in contradiction with defendant the National Power Grid Company Transelectrica SA, pertaining to claims in accordance with article 413 para (1) pt. 1 Civil Procedural Code. Appeal right was granted during the entire suspension of file judgment at the higher court. It was pronounced at public hearing on 22 March 2021. Document: Conclusion - Suspension / 22.03.2021.

• ANAF

A general fiscal inspection was conducted in the offices of Transelectrica SA targeting the time interval December 2005 – December 2010.

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

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

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

fire that broke out the night of 26-27 June 2009, at the business office from Millennium Business Centre from 2-4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

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

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

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

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

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

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

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

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

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

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

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

On the 20.10.2020 term the request was partly admitted with the following settlement in brief: the litis-pended requests were partly admitted; Ruling 122/13.03.2018 was partly cancelled, on settling the contestation filed against Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and the Tax audit report F-MC 222 concluded on 30.06.2017, which was used for the taxation decision, meaning: - it removed the paying liability of the income tax amounting to 18,522,280 Lei, VAT in sum of 5,694,636 Lei and fiscal accessories pertaining to such main fiscal debts in quantum of 48,436,653 Lei, fiscal liabilities established for the 349 fiscal invoices of special regime found as missing from the claimant's books; it removed the non-deductible nature of 27,001,727 Lei when calculating the taxable income, sum representing technological system services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit and compelling the payment of main fiscal arrears and accessories on this amount; it removed the non-deductible nature of 343,629.91 Lei when calculating the taxable income, sum representing "weed-removing services" and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of 230,685.49 Lei when calculating the taxable income, sum representing expenses for promotional and protocol objects and payment obligation for the main fiscal arrears and accessories pertaining to such sum; it removed the non-deductible nature of VAT in quantum of 46,417.1 Lei pertaining to 343,629.91 Lei, representing "weed-removal services" and payment obligations of the main fiscal arrears and accessories of this amount; it removed the non-deductible nature of VAT in quantum of 37,693.88 Lei pertaining to 230,685.49 Lei representing expenses for promotional and protocol products and payment obligation for the main fiscal arrears and accessories of such amount; it removed the mention about obliging the Transmission Branch Sibiu of CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the audited unit was accepted to be recorded in the creditors' table with such sum; it maintained the mention about the taxable revenue nature of 576,846.80 Lei when calculating the profit according to the provisions of article 19 para 1 of Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with item 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003, income tax chapter, namely chapter VII on the function of accounts from Order 3055 of 29 October 2009 approving the accounting regulations compliant with European directives and compelling the payment of main fiscal arrears and accessories of such sum; it removed the Minutes

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

ascertaining the “determination of the deductible value added tax lower than that recorded by the claimant, thus resulting a difference of 13,141 Lei” (annex 15) and compelling the payment of main fiscal arrears and accessories of this amount; it removed the payment obligation for delay penalties of penalising juridical regime, calculated for more than 6 months from the inception date of the fiscal audit, regarding the main fiscal liabilities maintained by judgment in this ruling, as established by the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers and Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division. It maintained the other provisions of Taxation Decision 122/13.03.2018 on settling the contestation against the Taxation Decision F-MC 439/30.06.2017 2017 issued by the National Agency of Fiscal Administration, General Dispute Settlement Division, the Taxation decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers, Taxation decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax-Payers. It denied the other litis-pended requests as groundless. It denied as groundless the request to grant court expenses as judiciary stamp tax. It compelled the defendants to jointly pay to the claimant the law court expenses amounting to 4000 Lei, representing fee for the accounting-fiscal expertise, in proportion to request admission. **Appeal right** was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest; **Ruling 382/20.10.2020**.

• OTHERS

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

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

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

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

ii) Contingencies

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

• Control of ANAF-DGAMC

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

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

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

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

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

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

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

19. Affiliated parties

i) Transactions with subsidiaries held by the Company

<u>Entity</u>	<u>Country of origin</u>	<u>31 March 2021 % of shares</u>	<u>31 December 2020 % of shares</u>
SMART SA *)	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA **)	Romania	-	-
OPCOM SA	Romania	97.84	97.84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA ***)	Romania	100	100

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

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

SMART SA

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

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

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

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

Thus on 31 March 2021 the share capital of Co. SMART SA was of 38,528,600 divided into 3,852,860 nominative shares, each worth 10 Lei, which was subscribed and fully paid by the Company.

On 31 March 2021 the structure of shareholders in Co. Smart SA was the following:

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

TELETRANS SA

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

On 31 March 2021 the share capital was 6,874,430 subscribed and fully paid.

ICEMENERG SA

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

In the Company's accounting books on 31 March 2021 the share capital of Subsidiary Icemenerg SA was 1,083,450 subscribed and fully paid.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

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

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

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

OPCOM SA

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

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

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

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

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

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

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

FORMENERG SA

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

The share capital on 31 March 2021 was 1,948,420 subscribed and fully paid.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

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

The share capital on 31 March 2021 was 493,000 subscribed and fully paid.

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

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

The balances of Company-held subsidiaries are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	31 March 2021	31 December 2020	31 March 2021	31 December 2020
SMART SA	438.624	347,748	9.377.704	8,265,157
TELETRANS SA	103.443	140,261	12.205.743	11,531,976
FORMENERG SA	-	-	-	-
OPCOM SA	56.923.765	63,087,051	49.766.097	55,153,620
TOTAL	57.465.832	63,575,060	71.349.544	74,950,753

*) Trade receivables are provided at gross value.

The transactions performed in quarter I 2021 and quarter I 2020 with Company Subsidiaries are detailed as follows:

AFFILIATED ENTITY	Sales		Purchases	
	Quarter I 2021	Quarter I 2020	Quarter I 2021	Quarter I 2020
SMART SA	175.495	167,288	13.634.292	13,318,795
TELETRANS SA	95.603	153,533	6.994.724	10,007,580
FORMENERG SA	-	-	-	-
OPCOM SA	147.141.881	67,645,640	205.538.282	106,536,734
Total	147.412.979	67,966,461	226.167.298	129,863,109

ii) *Salaries of the Company's governance teams*

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

	Quarter I 2021	Quarter I 2020
Short-term benefits	5,063,306	4,663,471
Other long-term benefits	26,800	27,242
Total	5,090,106	4,690,713

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

*(All amounts are expressed in LEI, unless otherwise provided)***20. Credit risk**

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

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

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

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

	<u>31 March 2021</u>	<u>31 December 2020</u>
Financial assets		
Net trade receivables	744,913,116	714,534,816
Other net receivables and down payments to suppliers	106,532,353	99,440,901
VAT to recover	56,454,428	33,960,938
Cash and cash equivalents	400,816,573	554,003,528
Other financial assets	-	-
Total	<u>1,308,716,470</u>	<u>1,401,940,183</u>

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

	<u>Gross value</u> <u>31 March 2021</u>	<u>Impairment allowance</u> <u>31 March 2021</u>	<u>Gross value</u> <u>31 December 2020</u>	<u>Impairment allowance</u> <u>31 December 2020</u>
Not reached to maturity	655,207,707	398,153	624,754,181	366,827
Due date exceeded 1 – 30 days	167,306	-	241,655	10,280
Due date exceeded 31 – 90 days	176,611	7,906	708,288	5
Due date exceeded 90 – 180 days	694,036	656	4,209	3,244
Due date exceeded 180 – 270 days	3,245	3,244	115,894	16,794
Due date exceeded 270 – 365 days	17,137	16,794	25,501	9,349
More than one year	222,981,273	133,907,446	223,418,967	134,327,381
Total	<u>879,247,315</u>	<u>134,334,199</u>	<u>849,268,695</u>	<u>134,733,880</u>

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

	<u>Gross value</u> <u>31 March 2021</u>	<u>Impairment allowance</u> <u>31 March 2021</u>	<u>Gross value</u> <u>31 December 2020</u>	<u>Impairment allowance</u> <u>31 December 2020</u>
Not reached to maturity	127,904,601	29,532	96,274,766	27,596
Due date exceeded 1 – 30 days	532,072	-	4,024,018	275,198
Due date exceeded 31 – 90 days	4,232,261	257,953	6,024,297	23,676
Due date exceeded 90 – 180 days	3,342,192	298,225	1,341,947	249,176
Due date exceeded 180 – 270 days	948,522	341,095	4,924,105	3,136,088
Due date exceeded 270 – 365 days	3,807,058	3,264,695	714,798	641,101
More than one year	76,766,656	52,355,081	76,953,045	52,502,302
Total	<u>217,533,362</u>	<u>56,546,581</u>	<u>190,256,976</u>	<u>56,855,137</u>

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

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

The greatest impairment allowances on 31 March 2021, calculated for trade receivables and their penalties were registered for CET Govora (25,043,172), 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 (13,405,687), Elsaco Energy (9,276,118), RAAN (8,516,707), Opcom (6,276,563), and CET Brasov (4,664,627).

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

The development of **allowances to impair doubtful receivables** is the following:

	31 March 2021	31 December 2020
Balance on 1 January	134,733,880	135,508,897
Recognition of impairment allowances	406,059	1,364,509
Resuming the impairment allowances	805,740	2,139,526
Balance at the end of the period	134,334,199	134,733,880

The development of **allowances to impair other doubtful receivables** is the following:

	31 March 2021	31 December 2020
Balance on 1 January	56,855,137	52,494,869
Recognition of impairment allowances	375,239	5,100,534
Resuming the impairment allowances	683,795	740,267
Balance at the end of the period	56,546,581	56,855,137

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

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

21. Later events

• *The 400 kV OHL Cernavoda-Stalpu*

On 8 April 2021 the Company issued press release according to which: building the new 400 kV Overhead Line Cernavoda - Stalpu, an objective of national interest and public utility, co-financed from European funds is progressing at fast pace. At present on this line site extended between localities Stalpu (Buzau) and Cernavoda (Constanta) there is simultaneous work to building the foundations, assemble the towers and install the conductor into seven working points using about 300 workers every day, and 90% of the materials used are Romanian made.

• *Transelectrica built in Sibiu the first live work testing and training grounds in Romania*

The Company informed on 15 April 2021 it completed the construction work of the LST (Live Work) training and testing grounds in Sibiu, the first one of Romania. The space equipped for LST/LW technologies is prepared for practical training sessions. It is part of a wider Company investment initiated in 2017, amounting in total to 5.7 million Lei, which will operationalise the Research & Development Centre for Live Work and Fast Intervention in SEN Developments. All the facilities of the Sibiu Centre will be commissioned in the second part of 2022.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 31 March 2021

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

• Appointment of provisional Directorate member

At its reunion of 21 April 2021 the Supervisory Board decided designating Mr. Ovidiu ANGHEL as provisional Directorate member beginning with 21 April 2021. The mandate is granted for 4 months with possible extension with two more months for very sound reasons.

• Decision 1 of the Shareholders' General Ordinary Assembly of the Company of 27 April 2021

On 27 April 2021 the Shareholders' General Ordinary Assembly of the Company issued Decision 1 whereby: it did not approve the stand-alone financial statements of the National Power Grid Company Transelectrica SA for 2020 financial year, nor the Company's consolidated financial statements of 2020 financial year, nor the distribution of the accounting profit remaining on 31.12.2020 after deduction of the income tax, nor the distribution of dividends from the profit recorded on 31.12.2020, nor dividends distribution from the retained earnings existent on balance on 31.12.2020 and it did not approve the release of managerial liability of Directorate and Supervisory Board members in 2020 financial year, establishing 04 June 2021 as registration date for the shareholders that will be touched by the effects of such decision of the Shareholders' general ordinary assembly.

• Financial results in 2020

On 28 April 2021 Transelectrica informed the investor public about the decisions made by the Shareholders' General Ordinary Assembly under Decision 1 of 27 April 2021, while also communicating the following issues:

The fore-mentioned stand-alone and consolidated financial statements of CNTEE Transelectrica SA as of and for the financial year ended on 31 December 2020, together with the Annual Report and the Annual Consolidated Report have been audited by the Company's Financial Auditor, its opinion being mentioned in the Audit Report without reserve.

On 24 March 2021 the Company's Supervisory Board verified within the limit of its attributions the Company's stand-alone and the consolidated financial statements as of and for the financial year ended on 31 December 2020, acknowledged the Reports of the independent auditor on the Company's stand-alone and consolidated financial statements as of and for the financial year ended on 31 December 2020 and verified the Annual Report on the individual financial statements, as well as the Annual Report on the Company's consolidated financial statements for the financial year ended on 31 December 2020, and on the same date acknowledged the Note regarding net profit distribution on 31.12.2020.

The communiqué is also mentioning that on 25 March 2021, in accordance with the Financial Reporting Calendar assumed as per legal provisions Transelectrica published on the Company site the materials submitted for AGOA approval with respect to the Company activities in 2020.

• Request of the majority shareholder to convene the Shareholders' general ordinary assembly

Transelectrica informed the investor public that on 28 April 2021 the Company registered the request 20/10221/T.H.G./27.04.2021 from the Romanian State shareholder legally represented by the Secretariat General of Government, pertaining to convening the Shareholders' general ordinary assembly to resume items 4, 5, 6, 7, 8, 9, 15 and 17 established for the AGOA reunion of 27 April 2021.

• Decision 2 of the Shareholders' General Ordinary Assembly of the Company of 29 April 2021

On 29 April 2021 the Shareholders' General Ordinary Assembly of the Company issued Decision 2 whereby: it established the 2021 Investment Plan and the estimations for 2022 and 2023, it approved the Company's 2021 Revenue and Expense Budget and the estimations for 2022 and 2023 and it established 25 May 2021 as registration date for the shareholders that will be touched by the effects of such decision of the Shareholders' general ordinary assembly.

• Address of the majority shareholder regarding the request to convene the GMS disseminated on April 28, 2021

On May 6, 2021, the Company informs the investing public that on May 4, 2021 it registered an address of the majority shareholder (legally represented by the General Secretariat of the Government), in connection with the request to convene the GMS which was the subject the current report disseminated through the capital market institutions on 28-04-2021. According to art. 119 para. (2) of the Companies Law no. 31/1990, republished, with subsequent amendments and completions - "The General Assembly will be convened within a maximum of 30 days and will meet within a maximum of 60 days from the date of receipt demand".