

CNTEE Tranelectrica SA
Company managed by two-tier system

Stand-alone Interim Simplified Financial Statements
as of and for the nine months' period ended on
30 September 2021

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

CNTEE Transelectrica SA

Stand-alone simplified statement of financial position on 30 September 2021

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

	Note	30 September 2021	31 December 2020
Assets			
Non-current assets			
Tangible assets		3,756,547,819	3,560,861,042
Assets rel. to the usage rights of assets under leasing - buildings		31,808,958	37,773,137
Intangible assets		6,352,490	6,976,600
Financial assets		81,742,973	81,742,973
Total non-current assets	4	3,876,452,240	3,687,353,752
Current assets			
Inventories		41,220,934	38,401,417
Trade and other receivables	5	1,103,101,225	847,936,655
Receivable income tax		2,940,669	1,247,719
Other financial assets	6	-	-
Cash and cash equivalents	7	398,940,758	554,003,528
Total current assets		1,546,203,586	1,441,589,319
Total assets		5,422,655,826	5,128,943,071
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
<i>Subscribed share capital</i>		<i>733,031,420</i>	<i>733,031,420</i>
Share premium		49,842,552	49,842,552
Legal reserves		137,832,724	137,832,724
Revaluation reserves		787,211,297	841,699,025
Other reserves		28,286,473	17,441,687
Retained earnings		1,687,167,409	1,615,652,289
Total shareholders' equities	8	3,423,371,875	3,395,499,697
Non-current liabilities			
Non-current deferred revenues	9	450,629,083	352,028,637
Borrowings	10	85,411,470	101,671,268
Other loans and assimilated liabilities – building leasing, long term	11	23,530,682	30,531,904
Deferred tax liabilities		114,507,137	119,037,879
Employee benefits obligations		72,641,000	72,641,000
Total non-current liabilities		746,719,372	675,910,688
Current liabilities			
Trade and other liabilities	11	1,113,909,334	887,977,288
Other loans and assimilated liabilities – building leasing, short term	11	7,843,561	7,416,569
Other tax and social security liabilities	12	9,462,943	17,011,429
Borrowings	10	25,064,214	24,709,805
Provisions		70,084,240	91,564,358
Current deferred revenues	9	26,200,287	28,853,237
Payable income tax		-	-
Total current liabilities		1,252,564,579	1,057,532,686
Total liabilities		1,999,283,951	1,733,443,374
Total shareholders' equities and liabilities		5,422,655,826	5,128,943,071

The attached notes 1-22 constitute integral part of these stand-alone interim simplified financial statements.

CNTEE Traselectrica SA

Stand-alone profit and loss account for the nine months' period ending on 30 September 2021

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

	Note	01 July – 30 September 2021	01 July – 30 September 2020	01 January – 30 September 2021	01 January – 30 September 2020
Revenues					
Transmission revenues		297.843.847	251.527.376	910.311.281	758.784.929
System service revenues		157.685.444	193.159.389	479.037.932	585.627.967
Revenues from the balancing market		394.230.699	119.967.963	863.096.725	286.031.513
Other revenues		10.282.013	9.084.358	29.350.661	33.255.944
Total revenues	14	860.042.003	573.739.086	2.281.796.599	1.663.700.353
Operational expenses					
System operation expenses	15	(123,175,399)	(74,863,789)	(325,320,603)	(217,761,193)
Balancing market expenses	15	(394,566,807)	(119,937,963)	(850,692,688)	(286,031,513)
Expenses regarding technological system services	15	(156,502,406)	(123,344,908)	(447,964,440)	(421,560,525)
Amortisement		(65,960,995)	(66,198,885)	(196,132,897)	(202,310,973)
Personnel expenses	16	(65,462,466)	(67,823,710)	(178,447,852)	(176,151,210)
Repairs and maintenance		(28,227,271)	(29,380,562)	(65,134,608)	(66,057,252)
Materials and consumables		(2,654,732)	(2,362,864)	(5,800,089)	(5,743,181)
Other operational expenses	17	(46,910,331)	(35,896,847)	(112,605,568)	(89,043,369)
Total operational expenses		(883,460,407)	(519,839,528)	(2,182,098,745)	(1,464,659,216)
Operational income		(23,418,404)	53,899,558	99,697,854	199,041,137
Financial revenues		2,207,206	3,051,246	5,697,270	7,999,584
Financial expenses		(3,209,842)	(3,177,159)	(8,550,656)	(10,030,243)
Net financial result	18	(1,002,636)	(125,913)	(2,853,386)	(2,030,659)
Profit before income tax		(24,421,040)	53,773,645	96,844,468	197,010,478
Income tax	13	(851,219)	(16,908,021)	(16,043,342)	(44,637,474)
Profit of the time interval		(23,569,821)	36,865,624	80,801,126	152,373,004

CNTEE Tranelectrica SA

Stand-alone profit and loss account for the nine months' period ending on 30 September 2021

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

	Note	01 July – 30 September 2021	01 July – 30 September 2020	01 January – 30 September 2021	01 January – 30 September 2020
Profit of the time interval		(23,569,821)	36,865,624	80,801,126	152,373,004
Other comprehensive items		-	-	-	-
Comprehensive result		(23,569,821)	36,865,624	80,801,126	152,373,004

The submitted stand-alone interim simplified financial statements were signed by the Company's governing team on 05 November 2021.

DIRECTORATE,

Chairman
Bogdan TONCESCU

Member
Adrian MORARU

Member
Ionut-Bogdan GRECIA

Member
Catalin-Constantin NADOLU

Member
Marius-Viorel STANCIU

The attached notes 1-22 constitute integrant part of these stand-alone interim simplified financial statements.

CNTEE Tranelectrica SA

Stand-alone statement of changes into shareholders' equities on 30 September 2021

(All amounts are expressed in LEL, 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 time interval	-	-	-	-	-	144,956,820	144,956,820
Other comprehensive result items, of which:							
Recognition of actuarial gains of the defined benefit plan	-	-	-	-	-	999,668	999,668
Surplus from revaluation of tangible assets	-	-	-	(1,069,585)	-	-	(1,069,585)
Deferred tax liability ass. to revaluation reserve	-	-	-	534,309	-	(534,309)	-
Transfer of revaluation reserves into retained earnings	-	-	-	(80,221,592)	-	80,221,592	-
Total other comprehensive result items	-	-	-	(80,756,868)	-	80,686,951	(69,917)
Total comprehensive result of the period	-	-	-	(80,756,868)	-	225,643,771	144,886,903
Other items							
Legal reserve indexation	-	-	8,736,611	-	-	(8,736,611)	-
Other items	-	-	-	967	-	(971)	(4)
Total other items	-	-	8,736,611	967	-	8,737,582	(4)
Contributions from and distributions to shareholders							
Derecognition of assets such as public domain by registering HG 615, 682 and 683 / 2019 amending the inventory of public domain assets	-	-	-	-	-	-	-
Subsidies related to assets from the state 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	137,832,724	841,699,025	17,441,687	1,615,652,289	3,395,499,697
Balance on 1 January 2021	733,031,420	49,842,552	137,832,724	841,699,025	17,441,687	1,615,652,289	3,395,499,697
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	80,801,126	80,801,126
Other comprehensive result items, of which:							
Recognition of actuarial profit / loss of the defined benefit plan	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(54,487,728)	-	54,487,728	-
Total other comprehensive result items	-	-	-	(54,487,728)	-	54,487,728	-
Total comprehensive result of the interval	-	-	-	(54,487,728)	-	135,288,854	80,801,126
Other items							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
Total other items	-	-	-	-	-	-	-
Contributions from & distribution to shareholders							
Derecognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state public domain	-	-	-	-	10,844,786	-	10,844,786
Dividends distribution	-	-	-	-	-	(63,773,734)	(63,773,734)
Total contributions from and distributions to shareholders	-	-	-	-	10,844,786	(63,773,734)	(52,928,948)
Balance on 30 September 2021	733,031,420	49,842,552	137,832,724	787,211,297	28,286,473	1,687,167,409	3,423,371,875

The attached notes 1-22 constitute integrant part of these stand-alone interim simplified financial statements.

CNTEE Transelectrica SA

Stand-alone cash flow statement on 30 September 2021

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

	9 months' period ended 30 September 2021	9 months period ended 30 September 2020
Cash flows from operational activities		
Profit of the time interval	80,801,126	152,373,004
Allowances for:		
Income tax expense	16,043,341	44,637,474
Amortisement expense	196,132,897	195,982,288
Allowance expense to impair trade receivables	14,353,966	987,129
Reversal of impairment allowances for trade receivables	(2,382,967)	(2,050,120)
Losses from sundry debtors	35,619	-
Net expense of allowances to impair sundry debtors	2,234,733	1,297,311
Net expense of allowances to impair inventories	1,287,505	177,045
Net profit / loss from the sale of tangible assets	427,378	219,061
Net expenses for value allowances regarding tangible assets	299,462	898,386
Net revenues regarding provisions for risks and expenses	(21,580,174)	(12,308,433)
Interest expense, interest revenue and unrealised foreign exchange gains	3,192,679	2,716,907
Cash flows before changes into current capital	290,845,565	384,930,052
Changes into:		
Clients and assimilated accounts - electricity and other activities	(285,213,596)	26,967,156
Clients – balancing	(4,733,205)	17,578,119
Clients – cogeneration	19,093,448	6,262,846]
Inventories	(2,819,517)	(3,700,311)
Trade and other liabilities - electricity and other activities	311,422,716	99,824,275
Liabilities – balancing	(17,793,579)	(28,124,488)
Liabilities – cogeneration	(85,684,328)	(100,685,071)
Liabilities paid acc. to ANAF's taxation decision	(2,140,264)	-
Other loans and assimilated liabilities – building leasing	(6,574,230)	-
Other tax and social security liabilities	(7,548,486)	995,770
Deferred revenues	13,641,742	(7,748,304)]
Cash flows from operational activities	222,496,266	396,300,044
Interest paid	(3,260,592)	(5,553,873)
Income tax paid	(22,267,033)	(32,295,040)
Net cash generated from operational activities	196,968,641	358,451,131
Cash flows from investments		
Procurements of tangible and intangible assets	(358,028,581)	(213,762,389)
Participation titles held in SELENE CC Societe Anonyme	-	(242,140)
Proceeds from EC non-reimbursable financing	93,150,539	-
Cashed interest	2,052,489	5,438,029
Cashed dividends	23,352	1,769
Other financial assets	-	85,000,000
Net cash used in investments	(262,802,201)	(123,564,731)
Cash flows used in financing		
Repayments of non-current borrowings	(17,753,391)	(18,979,260)
Utilisation of cogeneration credit line	-	-
Repayments to the cogeneration credit line	-	(29,540,187)
Building leasing payments	(7,877,401)	-
Dividends paid	(63,598,418)	(35,393,861)
Net cash used in financing	(89,229,210)	(83,913,308)
Net growth / (reduction) of cash and cash equivalents	(155,062,770)	150,973,092
Cash and cash equivalents on 1 January	554,003,528	320,768,647
Cash and cash equivalents at the end of the period	398,940,758	471,741,739

The attached notes 1-22 constitute integrant part of these stand-alone interim simplified financial statements.

CNTEE Transelectrica SA

Notes to the stand-alone interim simplified statements on 30 September 2021

All amounts are expressed in LEI, unless otherwise provided

1. General information

The main business of CNTEE Transelectrica SA (the “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 in accordance with the provisions of the Operational Licence 161/2000 issued by ANRE, updated by ANRE Decision 571/08.04.2020, with the licence-associated General Conditions approved by ANRE Order 104/2014 and with the Company’s final certification as transmission & system operator of the National Power System in accordance with the ownership unbundling model by ANRE Order 164/07.12.2015.

The headquarters are seated in: Blvd. General Gheorghe Magheru 33, Bucharest 1. For the time being the Company’s executive part performs activities in the working location of Olteni Str. 2-4, Bucharest 3.

The stand-alone interim financial statements elaborated on 30 September 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 as of the date and for the financial period ended on 31 December 2020.

b) Professional reasoning and estimations

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

3. Significant accounting policies

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

4. Tangible, intangible and financial assets

a) Tangible assets

The growth in the total value of tangible assets on 30 September 2021 compared to 31 December 2020 was mainly determined by high values of tangible assets in progress.

Thus the growth in the **value of tangible assets underway in the first nine months of 2021** was mainly determined by investments performed into high voltage electric substations and lines as follows:

- The 400 kV double circuit OHL Cernavoda-Stalpu and connection into Gura Ialomitei – 131,552,272;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I the 400 kV simple circuit OHL Iron Gates - (Anina) - Resita – 26,007,266;
- Refurbishing the 220/110 kV substation Iaz – 19,420,276;
- Upgrading the 400 (220)/110/20 kV substation Munteni – 16,871,948;
- Refurbishing the 400/110/20 kV substation Smardan – 12,690,528;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 – 12,551,966;
- Refurbishing the 400/110/20 kV substation Domnesti – 23,158,400;

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All amounts are expressed in LEI, unless otherwise provided

- Connecting the 400 kV OHL Isaccea - Varna and the 400 kV OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud, stage I, Extending the 400 kV substation Medgidia Sud – 13,519,016;
- Refurbishing the 220/110 kV substation Craiova Nord – 11,453,192;
- Replacing the 400/400/160 MVA 400/231/22 kV ATUS-SF AT3 of the 400/220 kV substation Iron Gates – 11,054,817;
- Installing the 250 MVA T3 in the 400/110 kV substation Sibiu Sud – 10,975,041;
- Refurbishing the 110 kV substation Medgidia Sud – 10,180,807;
- Relocating the 400 kV electric networks at the crossroad with the Belting Motorway Bucharest: km 0+00 - km 100+900, Lot 2 : 69+000 - km 85 + 300 of the South Belt, the 400 kV OHL Domnesti - Bucharest South and the 400 kV OHL Slatina - Bucharest South – 9,778,725;
- Mobile 400 kV bays to connect shunt reactors in the 400 kV substations Bradu and Sibiu Sud – 9,204,053;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – 8,965,328;
- Refurbishing the 220/110 kV substation Hasdat – 8,962,455;
- Upgrading the 220/110/20 kV substation Raureni – 7,639,821;
- Replacing transformers and autotransformers in electric substations, stage 2, phase 2, LOT 1 & LOT 2 – 5,380,892;
- Consolidating the servers and data storage network (private cloud) – 4,661,177;
- Installing the 400 MVA, 400/231/22 kV AT2 and associated bays in Substation Iernut and upgrading the command-control system of the 400/220/110/6 kV substation Iernut – 4,369,737;
- Upgrading the 220/110 kV substation Dumbrava – 4,267,279;
- The 400 kV simple circuit OHL Oradea Sud - Nadab - Bekescsaba, final stage: section in-between towers 1-42 (48) of the 400 kV OHL Oradea Sud - Nadab – 3,823,516;
- Relocating high voltage networks, Sibiu - Pitesti Motorway, km 0 + 000 – km 14+150, Lot 1: km 0 + 000 – km 13 + 170, the 400 kV simple circuit Tantareni - Sibiu Sud – 3,141,642;
- Refurbishing the 220/110/20 kV substation Ungheni – 2,907,256;
- Upgrading the 220/110/20 kV substation Vetis, primary equipment – 2,871,595;
- Replacing the 16 MVA transformer of Substation Pitesti Sud – 2,210,513;
- Upgrade in view of diminishing galloping effects on the 400 kV OHL in Baragan - Fetesti region; diminishing the galloping effects on the 400 kV OHL Bucharest South - Gura Ialomitei & the 400 kV OHL Cernavoda - Gura Ialomitei (circuit 2) – 2,147,699;

On 30 September 2021 the greatest **transfers from tangible assets in progress to tangible assets**, in sum of 101,696,695 Lei, are mainly represented by commissioning investment objectives, of which the most significant are provided below:

- Installing the 250 MVA T3 in the 400/110 kV substation Sibiu Sud – 14,938,152;
- Replacing the 400/400/160 MVA 400/231/22 kV ATUS-SF AT 3 in the 400/220 kV substation Iron Gates – 13,738,637;
- 400 kV mobile bays to connect shunt reactors in the 400 kV substations Bradu and Sibiu Sud - 12,010,946;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord of the 400 kV axis Moldova – 10,051,000;
- Refurbishing the 220/110/20 kV substation Ungheni – 9,920,762;
- Replacing transformers and autotransformers in electric substations, stage 2, phase 2, LOT 1 & LOT 2 – 7,030,831;
- Releasing the location and providing coexistence with the 400 kV installations of CNTEE Transelectrica SA in villages Letea Veche and Saucesti, Bacau County (execution) – 5,695,650;
- The 400 kV simple circuit OHL Oradea Sud - Nadab - Bekescsaba, final stage: section in-between towers 1- 42 (48) of the 400 kV OHL Oradea Sud - Nadab – 3,823,516
- Refurbishing the 220/110 kV substation Iaz – 3,723,888;
- Moving and protecting high voltage (220 kV - 400 kV) networks, BRASOV - CLUJ - BORS MOTORWAY, SECTION 1C: Sighisoara - Tg. Mures, subsections 2 & 3 Tg. Mures - Ungheni I - Ogra – 3,045,396;
- SDH communication equipment, N-E ring – 2,731,344;
- Replacing circuit breakers in electric substations – 2,656,588;
- Replacing the 16 MVA transformer in Substation Pitesti Sud – 2,387,237;
- By-passing the 400 kV network on section 2, lot 2, situated in Olt County to execute express road Craiova-Pitesti, the 400 kV simple circuit OHL Slatina-Draganesti Olt – 1,662,688;
- A3 multifunctional equipment – 1,508,544;
- Achieving communication path between Substation Resita and the offices of CTSI UTT Timisoara – 1,458,787;
- Replacing the shunt reactor, Substation Arad – 1,396,486;

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- Access road to Substation Fantanele branching off DJ 134 – 1,065,686;
- Building platform hall, rolling bridge and hydrocarbon separator to store equipment in Substation Suceava – 894,065;
- Thermal rehabilitation of buildings of the transformer substation Constanta Nord – 630,300;
- Providing day / night beaconing systems to the 400 kV OHL Bradu - Brasov in the area of towers 400, 401, 411, 416, 417, 418, 419 – 557,258;
- Wi-Fi access system for one's network and internet – 396,340;
- Re-routing and protecting electric networks on the by-pass variant Satu Mare - the 220 kV OHL Rosiori - Vetis – 342,145;
- Portable analysers for electricity quality – 254,657;
- Replacing the 6/0.4 kV auxiliary service transformer and associated bays in the 220/110 kV substation Baia Mare 3 – 238,908;
- Installing differential line protection in Substation Baia Mare 3 – 219,371;
- Installing differential line protection in the 110 kV bay of OHL Jibou in the 220/110 kV substation Tihau – 216,148.

The **balance of tangible assets under execution** on 30 September 2021, amounting to 914,880,885 Lei, is represented by current projects in progress, of which the most significant are:

- The 400 kV double circuit Cernavoda - Stalpu and connection in Gura Ialomitei – 243,615,889;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Iron Gates - (Anina) - Resita – 87,664,065;
- Refurbishing the 400/110/20 kV substation Domnesti – 63,521,760;
- Connecting the 400 kV OHL Isaccea - Varna & OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – 55,566,386;
- Refurbishing the 220/110 kV substation Hasdat – 50,000,927;
- 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;
- Upgrading the 400 (220)/110/20 kV substation Munteni – 27,505,318;
- Refurbishing the 220/110 kV substation Iaz – 25,567,149;
- Upgrading the 220/110/20 kV substation Raureni – 22,893,932;
- Refurbishing the 400/110/20 kV substation Smardan – 20,783,479;
- Upgrading the 220/110/20 kV substation Arefu – 15,716,483;
- Upgrading the 220/110 kV substation Dumbrava – 15,542,302;
- Extending the business continuity and post-disaster recovery services to the Executive branch -14.413.918;
- 110 kV, 220 kV and 400 kV mobile bays – 14,296,873;
- Refurbishing the 110 kV substation Medgidia Sud – 13,677,201;
- Installing the 400 MVA, 400/231/22 kV AT2 and associated bays in Substation Iernut and upgrading the command-control system of the 400/220/110/6 kV substation Iernut– 13,067,373;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord of the 400 kV axis Moldova – 12,780,694;
- Extending the 400 kV substation Gura Ialomitei by two bays: the 400 kV OHL Cernavoda 2 & 3 – 12,696,381;
- Extending the 400 kV substation Cernavoda, stage I + II, replacing two shunt reactors, connecting new lines – 12,174,582;
- Refurbishing the 220/110 kV substation Craiova Nord – 11,453,192;
- Relocating the 400 kV networks at the crossroad with Bucharest's Belting Motorway: km 0+00 - km 100 + 900, Lot 2: 69 + 000, km 85 + 300, of the Southern Belt, the 400 kV OHL Domnesti - Bucharest South and the 400 kV OHL Slatina - Bucharest South – 9,778,725;
- Upgrading the 110 kV and 400 (220 kV) installations from Substation Focsani Vest – 9,656,317;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I, the 400/220/110 kV substation Resita – 7,490,107;
- Upgrading the 220/110/20 kV substation Vetis, primary equipment – 6,223,744;
- The 400 kV OHL Gadalin - Suceava, including its SEN interconnection – 6,043,182;
- Refurbishing the 110 kV substation Timisoara and converting the Iron Gates - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV substation Timisoara – 6,022,101;
- 400 kV HVDC Link (Romania - Turkey submarine cable) – 5.853,759;
- Refurbishing the 220/110/20 kV substation Baru Mare – 5,687,205;
- Replacing transformers & autotransformers in electric substations, stage 2, phase 2, LOT 1 & LOT 2 – 5,451,552;

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- Integrated security system in electric substations, stage IV – 4,816,604;
- Consolidating the servers and the data storage network (private cloud) – 4,661,177;
- The 400 kV OHL Suceava - Balti, for the project part on Romania's territory - 4,439,120;
- The 400 kV double circuit OHL Gutinas - Smardan – 4,199,321;
- Refurbishing the 220/110/20 kV substation Ungheni – 3,950,478;
- Converting the Iron Gates - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II the 400 kV double circuit OHL Resita - Timisoara - Sacalaz – 3,343,480;
- Extending by new functions the IT access control and supervision system in the objectives of CNTEE Transelectrica SA – 3,200,918;
- Relocating high voltage networks, Sibiu - Pitesti Motorway, km 0 + 000, km 14 + 150, Lot 1: km 0 + 000 – km 13 + 170, the 400 kV simple circuit OHL Tantareni - Sibiu Sud – 3,141,642;
- 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;
- Connecting to RET the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County, by providing a 110 kV line bay in the 220/110 kV substation FAI – 2,545,853;
- The 400 kV substation Stalpu – 2,169,995;
- Upgrade in view of diminishing galloping effects on the 400 kV OHL in the Baragan - Fetesti area; diminishing the galloping effects to the 400 kV OHL Bucharest South - Gura Ialomitei and the 400 kV OHL Cernavoda - Gura Ialomitei (circuit 2) – 2,147,699;
- Integrated security system in electric substations, stage III – 2,798,024;
- By-passing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV substation Ostrovul Mare – 2,578,438;

b) Intangible assets

The balance of **intangible assets under execution** on 30 September 2021, amounting to 5,882,358 Lei, is represented by projects in progress, of which the most significant are provided below:

- Implementing a new Electronic Archive and Document Management system into CNTEE Transelectrica SA – 5,474,290;
- Extending the business continuity and post-disaster recovery services to the Executive branch – 351,208;

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

- Management application, the UNO-DEN Bucharest location – 316,917;

c) Financial assets

They comprise the net value of shares the Company holds, amounting to 81,742,973 on 30 September 2021 and to 81,742,973 on 31 December 2020.

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

Such assets represent the utilisation right for the assets the Company has leased in the Platinum Office Building, according to the provisions of IFRS 16 – Leasing Contracts.

Beginning with 01.10.2020 a new lease was issued (contract C232/2020 concluded with Dagesh Rom SRL), valid for 5 years and amounting to 9,000,000 Euro (VAT free).

On 30 September 2021 the accounting value of the utilisation right for spaces the Company leased in the Platinum Office Building amounted to 31,808,958 Lei.

Under this contract the Company pays a monthly quantum of 16.67 Euro/m² (VAT free) for the rental of office spaces, an area of about 9,000 m², which results in annual sum of 1.8 mill. Euros.

CNTEE Tranelectrica SA

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*All amounts are expressed in LEI, unless otherwise provided)***5. Trade and other receivables**

On 30 September 2021 and 31 December 2020 trade and other receivables were as follows:

	30 September 2021	31 December 2020
Trade receivables	1,028,712,759	849,268,696
Other receivables	122,860,738	111,446,214
Down payments to suppliers	73,057,568	44,849,824
Receivable VAT	84,190,979	33,960,938
Impairment allowances for doubtful receivables	(146,704,880)	(134,733,880)
Impairment allowances for other doubtful receivables	(59,015,939)	(56,855,137)
Total trade and other receivables	1,103,101,225	847,936,655

The structure of trade receivables is the following:

	30 September 2021	31 December 2020
Clients on the electricity market, of which:	1,022,126,845	847,744,023
- <i>Clients - operational activities</i>	663,512,714	474,769,650
- <i>Clients - balancing market</i>	182,658,483	177,925,277
- <i>Clients - bonus type support scheme to promote high efficiency cogenerations</i>	175,955,648	195,049,096
Clients from other activities	6,585,914	1,524,673
Total trade receivables	1,028,712,759	849,268,696

• CNTEE Tranelectrica SA performs operational activities based on Operational Licence 161/2000 issued by ANRE, updated by Decision 571/08.04.2020 of ANRE President for provision of electricity transmission services, system services and balancing market administration.

On 30 September 2021 clients on balance from operational activities and balancing market registered increase compared to 31 December 2020, mainly determined higher volume of transactions on the balancing market and on the electricity market in quarter 3 2021 compared to quarter 4 2020, generating higher receivables found on balance on 30 September 2021 in comparison with 31 December 2020.

The main clients in the total trade receivables are: MAVIR, OPCOM, Electrica Furnizare SA, RAAN, Ciga Energy SA, Enel Energie SA, Enel Energie Muntenia SA, E.ON Energie Romania SA, Tinmar Energy SA, and CEZ Vanzare SA. Their share is 55.26% in the total trade receivables.

• CNTEE Tranelectrica SA carries out activities under the bonus type support scheme to promote high efficiency cogeneration in capacity of support scheme administrator, in accordance with the provisions of HGR 1215/2009, with later amendments and additions, the “main attributions being to collect each month the contribution for cogeneration and to pay monthly the bonus”.

On 30 September 2021 the Company registered collectable receivables from the bonus type support scheme to promote high efficiency cogeneration in proportion of about 17% (31 December 2020: 23%) of the total trade receivables.

Clients under the bonus type support scheme to promote high efficiency cogeneration registered receivable decrease on 30 September 2021, mainly determined by lower invoiced values for the collection of monthly contribution.

On 30 September 2021 the Company registered collectable receivables amounting to 175,955,648 represented by issued invoices under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 over-compensation amounting to 76,702,140 from RAAN – 63,467,054 and CET Govora SA – 13,235,086;
- 2014 undue bonus of 3,914,960 from RAAN – 1,981,235 & CET Govora – 1,933,725;
- 2015 undue bonus of 563,899 from CET Govora – 534,377 & Interagro – 29,523;
- 2020 undue bonus amounting to 522,181 from Donau Chem;
- Cogeneration contribution not collected from the suppliers of electricity consumers, in sum of 21,162,364 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;

To the date of this financial reporting the Company cashed receivables related to over-compensated activities under the 2020 support scheme (16,474,649) from Electrocentrale Bucharest as well as 11,729,519 from the undue bonus established by ANRE Decisions in 2021 in amount of 12,251,700 from the following producers: Bepco SRL, Energy Complex Hunedoara, Energy

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Complex Oltenia, CET Arad, CET Govora, Contourglobal Solutions, Electrocentrale Bucharest, Electro Energy Sud, Electrouilaj SA, Polytechnic University Bucharest, Prefab, Soceram SA and Termoficare 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, CET Govora) the Company has applied and further applies the provisions of article 17 para 5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for the electricity generated under high efficiency cogeneration: *“in case the generator did not make the payment in full to the support scheme administrator for its payment obligations resulted in accordance with the provisions of this Regulation, the support scheme administrator pays to the producer the difference between the producer invoices and its payment obligations under the support scheme, with explicit mention of the respective amounts on the payment document”* and withheld from payment the due amounts under the respective support scheme.

• File 9089/101/2013/a140 was registered on the docket of Mehedinti Tribunal, Section II Civil of Administrative and Fiscal Disputes pertaining to “claims in sum of 86,513,431”, where the Company was claimant and the **Autonomous Authority for Nuclear Activities, RAAN** was the defendant.

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

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

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

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

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

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

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

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

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

Settlement of Mehedinti Tribunal: “It admits the exception of decline. It partly admits the main issue and associated contestation. It compels defendant RAAN to pay to claimant Transelectrica the amount of 16,950,117.14 Lei as liability accrued during the procedure, judging to record it in the creditors’ table constituted against debtor RAAN. The other associated requests

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are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei law court expenses to the claimant. Appeal right is granted. It was pronounced on 20.06.2019 at public hearing. Document: Ruling 163/2019 / 20.06.2019.

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

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

When the emergency state has ended and law courts resumed their activities on 08.10.2020 the court provided term to continue liquidation procedures, to represent the debtor's interests in the disputes found on the dockets of law courts; to consolidate the receivables, to continue measures and recover receivables; to continue public auctions and capitalise the debtor's assets, setting the next hearing term on 04.02.2021.

On 04.02.2021 settlement in brief: it established term on 03.06 2021, 11:00 h to continue the procedure, to assess the entire inventory, to draw up sale regulations, sell the assets and recover receivables. Document: hearing conclusion 04.02.2021.

On 03.06.2021 a new term was granted to carry out the liquidation, capitalise the assets and recover receivables, namely on 14.10.2021. On 14.10.2021 the case was deferred on **10.02.2022**.

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

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

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

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

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

Under such circumstances the Company applies the provisions of article 17 para 5 of ANRE Order 116/ 2013 for mutual receivables and liabilities occurred after the insolvency procedure, namely withholding the bonus due to CET Govora SA up to the concurrence of amounts related to the support scheme that were not paid to the Company. Transelectrica was registered in the Preliminary and final receivables table with total amount of 28,200,440.31, of which 25,557,189.98 relate to the support scheme. Mention should be made this receivable amounting to 21,962,243.71 Lei representing principal and penalties related to invoice 8116/08.04.2016, was registered under the suspensive condition of pronouncement of a final juridical ruling in 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 18.07.2018 Valcea Tribunal pronounced the following settlement:

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

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

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

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

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

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

Taking into account the provisions of Governmental Decisions 925/2016 with later amendments and additions, provided above in Note 1, the Company does not register allowance expenses for clients under the support scheme; the unrecovered amount of such receivables will be included in the cogeneration contribution.

Other receivables

On 30 September 2021 other receivables amounting to 122,860,738 included in the main:

- Sundry debtors (88,489,766), of which:

- Payment delay penalties calculated to defaulting clients amounting to 74,820,318 (of which 35,358,454 represent penalties under the support scheme). The greatest delay penalties were registered by the following clients: RAAN (16,901,452), CET Govora (9,606,504), Electrocentrale Bucharest (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,655), Romelectro (7,132,070), Total Electric Oltenia (3,288,967), and OPCOM (1,975,966). Impairment allowances were registered for the penalties calculated for late payment of receivables from operational activities;
- Compensations owed by suppliers for their non-delivery of electricity (Arelco Power 987,555) and Enol Group (2,541,312). Impairment allowances were recorded for compensations owed by suppliers from operational activities;
- Receivable to recover from OPCOM representing VAT associated to the contribution in-kind to the subsidiary's capital amounting to 4,517,460;

- Deferred expenses amounting to 4,383,685 mainly represented by: international ENTSO-E subscription for 2021 (1,411,698); annual contribution to ANRE for 2021 (915,920); rent and maintenance of office building (742,350); RCA & CASCO policies and others;

- Other intangible receivables amounting to 4,255,911, of which 4,199,505 represent securities for temporary ground occupation, calculated and withheld in accordance with article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code in view of achieving the investment project of the 400 kV OHL Resita - Pancevo (Serbia);

- Other social receivables amounting to 2,254,191 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 30 September 2021 down payments paid to suppliers are represented by debtor suppliers for service provision amounting to 73,057,568 and are mainly sums from transactions under the price-coupling mechanism (ICP - Interim Coupling Project and SIDC - Single Intraday Coupling).

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

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electricity transacted between OPCOM SA and MAVIR.

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

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

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

VAT to recover

Receivable VAT (84,190,979) an amount not recovered until the elaboration date of these financial statements.

Impairment allowances for trade receivables, doubtful trade receivables and other doubtful trade receivables

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

The greatest impairment allowances on 30 September 2021, calculated for trade receivables and their associated penalties were registered for CET Govora (24,926,298), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), GETICA 95 (12,540.731), Elsaco Energy (9,276,118), RAAN (8,516,707), and Opcom (6,276,563).

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. Other financial assets

They include bank deposits with initial maturity beyond 90 days.

On 30 September 2021 no bank accounts with initial maturity beyond 90 days were constituted.

	<u>30 September 2021</u>	<u>31 December 2020</u>
Bank deposits with maturity beyond 90 days	-	-
Total	<u>-</u>	<u>-</u>

7. Cash and cash equivalents

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

On 30 September 2021 and 31 December 2020 cash and cash equivalents were as follows:

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	30 September 2021	31 December 2020
Bank current accounts and deposits, of which:	398,789,848	553,911,833
a) Bank current accounts and deposits from current activities	152,710,962	283,219,064
b) Bank current accounts and deposits, of which restricted cash:	246,078,886	270,692,769
- <i>Cash and deposits from high efficiency cogeneration</i>	151,360,945	120,579,656
- <i>Cash from revenues related to the allocation of interconnection capacities used for network investments</i>	13,296,660	103,175,219
- <i>Cash from the connection fee</i>	28,197,609	17,811,107
- <i>European funds</i>	33,927,282	12,073,753
- <i>Others (securities for the electricity market and dividends)</i>	19,296,390	17,053,034
Cash desk	116,063	91,695
Other cash equivalents	34,847	-
Total	398,940,758	554,003,528

Bank deposits with initial maturity up to 90 days constituted from monetary availabilities of current accounts amounted to 152,043,667 on 30 September 2021 and to 266,292,151 on 31 December 2020.

8. 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 November 2015 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 the Ministry of Energy, Small & Medium Sized Enterprises and Business Environment took over the activities and structures in the SME domain.

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

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

On 30 September 2021 the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the Secretariat General of Government holding 43,020,309 shares (58.69%), NN Group NV holding 4,007,688 shares (5.47%), PAVAL HOLDING holding 4,753,567 shares (6.49%), and other Legal Person shareholders holding 16,285,412 shares (22.21%) as well as Natural Person shareholders holding 5,236,166 shares (7.14%).

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

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The shareholder structure on 30 September 2021 and on 31 December 2020 was the following:

Shareholder	30 September 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	16,285,412	22.21%	16,305,068	22.24%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group N.V	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,236,166	7.14%	5,216,510	7.11%
Total	73,303,142	100.00%	73,303,142	100.00%

The growth of shareholders' equities on 30 September 2021 compared to 31 December 2020 was mainly determined by registering the net profit amounting to 80,801,126 achieved on 30 September 2021 in the retained earnings.

9. Deferred revenues

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

On 30 September 2021 **deferred revenues** were as follows:

	30 September 2021	Of which: the current part on 30.09.2021	31 December 2020	Of which: the current part on 31.12.2020
Deferred revenues – allocation of interconnection capacities	2,650,161	2,650,161	2,673,159	2,673,159
Deferred revenues – European funds	1,931,284	1,931,284	1,410,938	1,410,938
Funds from the connection fee	265,962,424	14,556,860	258,086,562	16,999,239
European funds	180,301,099	6,162,679	92,135,137	6,947,974
Other subsidies	25,984,402	899,303	26,576,078	821,926
Total	476,829,370	26,200,287	380,881,874	28,853,237

The development of **current deferred revenues** in January - September 2021 was the following:

	30 September 2021	31 December 2020
Balance at the beginning of the time interval	28,853,237	37,209,745
Deferred proceeds rel. to the interconnection capacities	22,736,601	53,932,210
Proceeds from European funds	645,602	311,139
Transfer from non-current deferred revenues	(3,150,298)	(3,929,590)
Revenues from the use of interconnection capacities	(22,759,599)	(57,015,831)
Revenues from European funds	(125,256)	(1,654,436)
Total	26,200,287	28,853,237

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*All amounts are expressed in LEL, unless otherwise provided)*The development of **non-current deferred revenues** in January - September 2021 was as follows:

	30 September 2021	31 December 2020
Balance at the beginning of the time interval	352,028,637	360,641,212
Connection subsidies	8,540,161	6,673,474
Non-returnable funds	-	(33,388)
Non-returnable funds to repay	-	-
Transfer into current deferred revenues	106,468,139	7,393,324
Resuming subsidies into revenues	(16,407,854)	(22,645,985)
Total	450,629,083	352,028,637

10. Borrowings● *Non-current loans*

On 30 September 2021 the value of non-current borrowings diminished in comparison with 31 December 2020, mainly because of repayments made according to existent loan agreements.

In January - September 2021 there were no drawings from loans.

In the nine months' period ended on 30 September 2021 borrowings were as follows:

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2021			125,151,210	
New drawings			-	
Repayments, of which:			(17,753,391)	
EIB 25709	EUR	3.596%	(11,807,490)	10-Sep-2025
EIB 25710	EUR	3.856% + 2.847%	(5,945,901)	11-Apr-2028
Exchange rate difference on repayment date			1,868,257	
Balance on 30 September 2021			109,266,076	

On 30 September 2021 and 31 December 2020, the balances of non-current loans contracted from credit institutions were as follows:

Description	30 September 2021	31 December 2020
EIB 25709	47,638,741	58,613,148
EIB 25710	61,627,335	66,538,062
Total non-current borrowings from credit institutions, of which:	109,266,076	125,151,210
Current part of non-current loans	(23,854,606)	(23,479,941)
Total non-current loans, net of current instalments	85,411,470	101,671,269

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

	30 September 2021	31 December 2020
From 1 to 2 years	23,854,606	23,479,941
From 2 to 5 years	59,654,134	70,439,826
Beyond 5 years	1,902,730	7,751,501
Total	85,411,470	101,671,268

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

All non-current loans, contracts EIB 25709 and EIB 25710 bear fixed interest rate.

- *Current borrowings*

They are detailed as follows:

	30 September 2021	31 December 2020
Current part of non-current borrowings	23,854,606	23,479,941
Interest associated to current and non-current loans	1,209,608	1,229,864
Account overdraft for high efficiency cogeneration	-	-
Total, current borrowings	25,064,214	24,709,805

- *Loans contracted for current activities*

On 12.03.2020 Transelectrica concluded credit contract C733/04.04.2019 as overdraft account with Banca Transilvania for 12 months in order to finance the support scheme bonus for high efficiency cogeneration, in sum of 150,000,000 and interest calculated depending on the ROBOR 1M reference rate, to which 0.35% margin is added. In case the reference rate ROBOR 1M is below 0.35%, the applied interest rate is 0%.

The credit line is secured by means of:

- Chattel mortgage on the bank account opened with the bank;
- Chattel mortgage on the receivables resulting from the high efficiency cogeneration contribution contracts 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 completed on 11.03.2021.

On 02.04.2021 Transelectrica concluded credit contract C86 with UniCredit Bank as account overdraft for 12 months to finance the bonus type support scheme for high efficiency cogeneration amounting to 175,000,000 and interest calculated depending on the ROBOR 1M reference rate, to which 0% margin is added.

The credit line is secured by means of:

- Chattel mortgage on the bank account opened with the bank;
- Chattel mortgage on the receivables resulting from the high efficiency cogeneration contribution contracts concluded with Electrica Furnizare SA, Enel Energy SA, CEZ Vanzare SA, Getica 95 Com SRL, and Enel Energy Muntenia SA.

On 30 September 2021 the credit line has not been used.

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11. Trade and other liabilities

On 30 September 2021 and 31 December 2020 trade and other liabilities were as follows:

	30 September 2021	31 December 2020
Suppliers on the electricity market	487,148,177	468,110,907
Suppliers of assets	138,731,894	112,384,086
Suppliers of other activities	40,417,468	30,539,187
Amounts owed to employees	7,383,051	9,364,190
Other liabilities	471,602,987	305,527,391
Total	1,145,283,577	925,925,761

On 30 September 2021 and 31 December 2020 liabilities on balance from the electricity market amounted to 487,148,177, namely to 468,110,907 and were structured as follows:

	30 September 2021	31 December 2020
Suppliers on the electricity market, of which:		
- Suppliers - operational activities	301,173,862	178,658,686
- Suppliers - balancing market	122,560,985	140,354,564
- Suppliers - bonus type support scheme to promote high efficiency cogeneration	63,413,330	149,097,657
Total	487,148,177	468,110,907

Electricity market suppliers are mainly represented by: Hidroelectrica SA, MAVIR, Energy Complex Oltenia SA, Electrocentrale Bucharest SA, IBEX, OMV Petrom SA, BEPCO SRL, CIGA Energy SA, and Veolia Energy Prahova SRL. On 30 September 2021 their share in the total number of electricity suppliers was about 88%.

The higher liability balance for operational activities was mainly determined by paying in quarter IV 2021 the liabilities on balance from the electricity market recorded on 30 September 2021.

The lower liability balance of the balancing market was determined by reduced volume of transactions registered on the balancing market in September 2021 as compared to December 2020.

The decrease of liabilities related to the support scheme to suppliers (producers) was mainly determined by paying the bonus owed to RAAN, which was withheld in view of compensation, and by the lower monthly bonus for high efficiency cogeneration in quarter 3, 2021 compared to quarter 4, 2020.

On 30 September 2021 payment liabilities to suppliers (producers) were registered amounting to 35,549,294 (RAAN – 32,180,328 and CET Govora SA – 3,368,966), representing the monthly cogeneration bonus, the ex-ante overcompensation for 2014 and 2015, and the bonus not paid in 2015. The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld from payment according to article 17 para 5 of Order 116/2013 of ANRE President, because suppliers (producers) registered payment liabilities to the Company under the bonus type support scheme.

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

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

CNTEE Transelectrica SA concluded with CET Govora SA a compensation agreement to spread out the payment of amounts representing receivables from the 2011-2013 overcompensation and the 2014 undue bonus (Agreement C 135/30.06.2015 and

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Addendum 1/04.08.2015). The Agreement term was of 1 year (July 2015-August 2016) and provided the Company's right to calculate and collect penalties during payment spread-out.

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

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

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

The increase of the asset suppliers' balance on 30 September 2021 compared to 31 December 2020 was mainly owed to the higher volume of investments, namely the contracts underway invoiced by asset suppliers.

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

On 30 September 2021 the Company did not register outstanding liabilities to suppliers, to the state budget or other local institutions.

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

	<u>30 September 2021</u>	<u>31 December 2020</u>
Sundry creditors	265,328,105	162,823,402
Client - creditors	140,997,722	66,357,754
Dividends to pay	366,490	191,175
Liabilities - Current building leasing	7,843,561	7,416,569
Liabilities - Non-current building leasing	23,530,682	30,531,904
Other liabilities	33,536,427	38,206,587
Total	<u>471,602,987</u>	<u>305,527,391</u>

- „Sundry creditors” amounting to 265,328,105 on 30 September 2021 mainly represented:

- The net position of the support scheme for high efficiency cogeneration, a liability position amounting to 256,736,993;

The net support scheme position represents the difference between:

- The contribution to be collected from the suppliers of electricity consumers; the overcompensation for electricity and heat generated under high efficiency cogeneration; the undue bonus to collect from producers according to ANRE decisions on the one hand, and
- The cogeneration bonus; the ex-ante overcompensation and ungranted bonus to pay to electricity producers for high efficiency cogeneration that are beneficiaries of the support scheme on the other hand;

- 3,813,108 are studies for the synchronous interconnection of systems from Ukraine and the Republic of Moldova with the European continental system; study contracts for RET connection solutions - 2,503,099; royalty Q III - 1,119,520 and others;

- “Client creditors” on 30 September 2021 amounted to 140,997,722, of which 140,931,161 represent amounts cashed in advance from MAVIR (79,516,215), OPCOM (53,455,539) and IBEX (7,959,407) under transactions related to the price-

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coupling mechanisms, ICP (Interim Coupling Project) and SIDC (Single Intraday Coupling).

- On 30 September 2021 dividends owed to Company shareholders but unpaid amounted to 366,490. Such amounts are at the shareholders' disposal by means of the payment agent.
- On 30 September 2021 the **liability for assets related to the utilisation rights of leased assets - buildings**, according to the provisions of IFRS 16 – Leasing Contracts amounted to 31,374,243, of which:
 - Current liability: 7,843,561;
 - Non-current liability: 23,530,682;
- Other liabilities amounting to 33,536,427 are mainly represented by the payment bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA and amounting to 19,614,091; non-demandable VAT during the reporting period – 13,712,631 and others.

Provisions

On 30 September 2021 and 31 December 2020 provisions were as follows:

	30 September 2021	31 December 2020
Provisions for disputes	46,017,306	50,441,491
Provisions for mandate contracts	23,941,005	33,232,691
Other provisions	125,929	7,890,176
TOTAL	70,084,240	91,564,358

Provisions for disputes found on balance on 30.09.2021 and amounting to 46,017,306 are mainly represented by provisions constituted for the following disputes:

- *File 36755/3/2018, claimant Conaid Company SRL (17,216,093)* – more details about this file are provided in Note 19 – Disputes and contingencies.
- *Files 105/2/2017 and 2494/115/2018* (10,648,829), claimant Resita City*

By its summons the claimant requested to court to compel defendant CNTEE 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 in 2016;
- 2,129,765.86 Lei, representing land rent in 2018;
- 2,129,765.86 Lei, representing land rent in 2019;
- 2,129,765.86 Lei, representing land rent in 2020;
- Penalty legal interest from due date until actual payment;
- Law court expenses;

More details about these files are provided in Note 19 – Disputes and contingencies.

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

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

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

On 29.11.2018 Caras Severin Tribunal pronounced sentence 3326/2018, whereby it decided as follows: “It admits the territorial incompetence exception of Caras-Severin Tribunal. It declines the settlement competence for the suing filed by claimant National Forest Authority 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

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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 re-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 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 period. It was pronounced on 19.05.2020. Such pronouncement means placing the settlement to the parties’ disposal by the court clerk”. A new appeal was scheduled on 09.03.2021.

On the 09.03.2021 term the ICCJ settlement under file 3155/115/2018 was: “It denies as groundless the appeals filed by claimant National Power Grid Company Transelectrica SA and defendant National Forest Authority Romsilva, Forestry Division Caras - Severin against civil ruling 17 of 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 sued the Company in order to pay 1,290,533,15 Lei representing negative imbalance and 182,251.94 Lei legal interest.

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

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

The file pertains to claims representing additional costs related to the increase of the minimum salary in the construction domain and to compelling the defendant to conclude an addendum to contract C54/2018.

A term was established on **09.12.2021** under this file.

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

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

After case deferral on 29.09.2020 because of absent procedure with the defendant, on 27.10.2020 Cluj Tribunal invoked ex officio and admitted the exception of material suit incompetence of the Civil Section of Cluj Tribunal and declined the settlement competence of the summons in favour of the Specialised Cluj Tribunal.

In its turn on the first case term (24.11.2020) the Specialised Cluj Tribunal invoked ex officio and admitted the exception of its material suit incompetence, in consequence thereof declining the settlement competence of the summons in favour of Cluj Tribunal, Civil Section. Ascertaining the occurrence of the negative competence conflict, it decided referral to the Appeal Court Cluj, Section II Civil in view of settling the conflict of competence.

The Appeal Court Cluj entrusted with settling the competence conflict on the 25.01.2021 term established the settlement competence for the summons in favour of the Specialised Cluj Tribunal.

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

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Specialised Cluj Tribunal. Energobit SA filed appeal.

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

On 06.08.2020 ELM Electromontaj Cluj SA sued the Company through 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) following minimum salary increase in constructions according to OUG nr. 114/2018. In this respect it requested compelling the Company to conclude an addendum and pay 965,015.16 Lei representing labour difference + 379,340.93 Lei representing delay penalties.

At the first hearing term on 29.09.2020 Cluj Tribunal invoked ex officio and admitted the exception of material suit incompetence of the Civil Section of Cluj Tribunal and declined the settlement competence of the summons in favour of the Specialised Cluj Tribunal.

In its turn on the first case term (09.12.2020) the Specialised Cluj Tribunal invoked ex officio and admitted the exception of its material suit incompetence, in consequence thereof declining the settlement competence of the summons in favour of Cluj Tribunal, Civil Section. Ascertaining the occurrence of the negative competence conflict, it decided referral to the Appeal Court Cluj, Section II Civil in view of settling the conflict of competence.

The Appeal Court Cluj entrusted with settling the competence conflict on the 25.01.2021 term established the settlement competence for the summons in favour of the Specialised Cluj Tribunal.

After the hearing term on 17.02.2021 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: “It denies as groundless the exception of absent interest under the support of the first request item, exception claimed by the defendant. It admits the case filed by claimant Co. E. E. SA, in contradiction with defendant Co. T. SA. It compels the defendant to conclude with the claimant an addendum to Work Contract C21/28.07.2016, pertaining to changing the contractual price because the country’s minimum gross salary guaranteed for payment was indexed in constructions according to OUG 114/2018. It compels the defendant to pay in the claimant’s favour 965,015.16 Lei, VAT free, representing the difference between the labour costs offered and the labour costs executed under Work Contract C21/28.07.2016, according to the work statement elaborated for February – July 2019. It compels the defendant to pay in the claimant’s favour 379,340.93 Lei, representing delay penalties at 0.1% / day, calculated to the principal until 31.07.2020, as well as further 0.1% / day delay penalties untily payment of the principal, penalties being limited to such principal debt plus VAT. It compels the defendant to pay in the claimant’s favour 35,519.20 Lei as law court expenses, representing judiciary stamp tax and lawyer fee. Appeal right granted within 10 days from notification”.

The Company filed appeal.

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

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

At the first hearing term on 29.09.2020 Cluj Tribunal invoked ex officio and admitted the exception of material suit incompetence of the Civil Section of Cluj Tribunal and declined the settlement competence of the summons in favour of the Specialised Cluj Tribunal.

In its turn at the first hearing term (10.12.2020) the Specialised Cluj Tribunal invoked ex officio and admitted the exception of its material suit incompetence, in consequence thereof declining the settlement competence of the summons in favour of Cluj Tribunal, Civil Section. Ascertaining the occurrence of the negative competence conflict, it decided referral to the Appeal Court Cluj, Section II Civil in view of settling the conflict of competence.

The Appeal Court Cluj entrusted with settling the competence conflict on the 25.01.2021 term established the settlement competence for the summons in favour of the Specialised Cluj Tribunal.

The following term: 18.02.2021. The exception of absent utilisation capacity of UTT Sibiu was denied; it notified the defendant to submit to the file a verification of the arithmetic calculation representing the claims of item 2, and in case the calculation is not correct to submit the arithmetical demonstration. It deferred the case on 11.03.2021.

Term 11.03.2021 – Meeting notes were submitted and we sustained verbally the need to provide the case with the judiciary expertise in the financial-accounting speciality according to the provisions of article 254 para 2 pt. 2 NCPC. The court denied the probation request as useless for the case.

It submitted to the parties’ discussion the deferral of case substance to 25.03.2021 taking into account other cases between the same parties are found with the Appeal Court Cluj and the Specialised Cluj Tribunal, pertaining to the same issues, cases under

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advanced proceedings. As of 25.03.2021 the cour successively deferred the case.

On the 22.04.2021 term the request filed by claimant ELM Electromontaj Cluj SA in contradiction with defendant CNTEE Tranelectrica SA was denied: "It denies as groundless the claimant's request to compel the defendant paying law court expenses. Appeal righ granted within 10 days from notification, to the Specialised Cluj Tribunal".

"Other provisions" amounting to 125,929 mainly represent holidays that were not taken.

On 30 September 2021 the Company had constituted a provision of 23,941,005 mainly representing the variable component of OAVT packages allocated but uncapitalised during the mandates of executive and non-executive administrators executed in 2013-2017. For such variables there are summons filed by former Supervisory Board & Directorate members, and the amounts to constitute provisions are estimated at the end of each financial year based on an actuarial calculation, in accordance with applicable IFRS standards (IFRS 2) for uncapitalised OAVT-s.

12. Other tax and social security liabilities

On 30 September 2021 and 31 December 2020 other tax and social security liabilities comprise:

	30 September 2021	31 December 2020
Contribution to social security funds	7,031,977	13,542,683
Salary tax	1,287,033	2,465,884
Other payable taxes	1,143,933	1,002,862
Total	9,462,943	17,011,429

On 30 September 2021 the Company registered payment liabilities for the contributions to social security funds, salary tax and other taxes, which were due and paid in October 2021.

13. Income tax

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

The income tax expense in quarter 3, 2021 and quarter 3, 2020, and the income tax on 30 September 2021 and 30 September 2020 were as follows:

	Q III 2021	Q III 2020	30 September 2021	30 September 2020
Current income tax	1,027,765	15,119,217	20,574,083	45,695,048
Deferred income tax	(1,878,984)	1,788,804	(4,530,741)	(1,057,574)
Total	(851,219)	16,908,021	16,043,342	44,637,474

14. Operational revenues

Interval 01 July 2021-30 September 2021 compared to 01 July 2020-30 September 2020

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

The ANRE-approved tariffs for services provided on the electricity market in quarter 3, 2021 and quarter 3, 2020 were as follows:

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	Average tariff of transmission services	Tariff of technological system services	Tariff of functional system services
Order 10/24.02.2021 - for quarter 3, 2021	20.55	10.82	-
Order 142/29.06.2020 - for quarter 3, 2020	17.97	11.96	2.49

During 2020 in view of implementing the new package of European regulations, especially Regulation (EU) 2019/943 and Regulation (EE) 2017/2195, the methodologies establishing tariffs of electricity transmission services and tariffs of system services were harmonised, namely the *Methodology establishing tariffs for electricity transmission*, approved by ANRE Order 171/2019 and the *Methodology establishing tariffs for system services*, approved by ANRE Order 45/2017, with later amendments, 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*, approved by ANRE Order 171/2019 provided integration of the component related to functional system services into transmission services, enabling such unification due to similar principles and rules establishing revenues and tariffs.

At the same time ANRE Order 180/2020 amended the *Methodology establishing tariffs for system services*, approved by ANRE Order 45/2017, with later amendments, namely it removed the provisions about the principles and rules to establish tariffs of functional system services, which were resumed in ANRE Order 153/2020.

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

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

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

	01 July 2021 – 30 September 2021	01 July 2020 – 30 September 2020
Electricity quantity delivered to consumers (MWh)	13,647,248	13,227,781

Operational revenues achieved in quarter 3, 2021 and quarter 3, 2020 were the following:

	01 July 2021 – 30 September 2021	01 July 2020 – 30 September 2020
Transmission revenues	278,054,292	236,335,031
Revenues from allocation of interconnection capacities	12,051,750	12,709,838
Revenues of reactive electricity	171,313	98,592
Inter TSO Compensation (ITC) revenues	1,825,820	178,172
CPT transaction revenues	5,740,672	2,205,743
Transmission revenues – total	297,843,847	251,527,376
Revenues from functional system services	-	32,937,180
Revenues from technological system services	148,913,426	158,574,455
Revenues with unplanned exchanges on the DAM	8,772,018	1,647,754
System service revenues – total	157,685,444	193,159,389
Revenues on the balancing market	394,230,699	119,967,963
Other revenues	10,282,013	9,084,358
Total revenues	860,042,003	573,739,086

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Revenues from transmission services and functional system services

Taking into account the functional system services were integrated into transmission services beginning with 1 January 2021, in order to render comparable quarter 3, 2021 with quarter 3, 2020 the amount of transmission services will be cumulated with that of functional system services in quarter 3, 2020.

Thus transmission services registered increase amounting to 8,782,081 in quarter 3, 2021 compared to quarter 3, 2020, determined by 3.17% higher electricity quantities delivered to consumers, namely 419,467 MWh and by higher ANRE-approved average tariff of transmission services (according to the previously provided table with ANRE-approved tariffs in the studied periods).

Revenues from the allocation of interconnection capacities

Such revenues registered decrease amounting to 658,088 in quarter 3, 2021 compared to quarter 3, 2020, corresponding to 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 mechanism allocating interconnection capacities consists in organising annual, monthly, daily and intraday bids. The annual, monthly and intraday bids (only on the Serbian border) are explicit, as only the transmission capacity is auctioned, and the daily (Hungarian border) and intraday ones (Hungarian and Bulgarian borders) are implicit, as capacity is simultaneously allocated with the 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, these four countries are supposed to reach 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: Tranelectrica 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 won at annual and monthly bids are remunerated (by Tranelectrica) for this capacity. The unused capacity is later sold at 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).

The 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

They were higher in quarter 3, 2021 compared to quarter 3, 2020 by 1,647,648 and such increase was determined by revenues resulting from June settlements which were received in July because of the distribution of electricity flows Europe-wide and by the variation of scheduled electricity exchanges with Ukraine.

Revenues from CPT transactions

They were higher in quarter 3, 2021 compared to quarter 3, 2020 by 3,534,929. Such revenues were mainly obtained by selling the excess electricity on the Intraday Market managed by OPCOM and under BRP CIGA ENERGY on the Balancing Market.

Increased revenues from CPT transactions in the studied period was mainly determined by the new rules on the balancing market and by the negative imbalances of Tranelectrica which were prevalingly contrary to the imbalances of the National Power System, as well as by the higher volume of transactions on the Intraday Market and higher prices on the entire electricity market.

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Revenues from technological system services

They registered decrease of 9,661,029 in quarter 3, 2021 compared to quarter 3, 2020, determined by diminished ANRE-approved tariff for such services (according to the previously provided table with ANRE-approved tariffs in the studied periods) when the electricity quantities delivered to consumers grew 3.17%, namely 419,467 MWh.

In quarter three 2021 revenues from technological system services were lower by 7,588,980 compared to expenses made to procure technological system services.

Balancing market revenues

They registered increase amounting to 274,262,736 in quarter 3, 2021 compared to quarter 3, 2020, mainly determined by the following issues:

- Regulatory issues:
 - Price limits were removed from the offers on the balancing market according to the *Regulation for the operation and settlement of the balancing market* and the *Regulation to schedule dispatchable generating units, the dispatchable consumers and the dispatchable storage installations*, approved by ANRE Order 61/31.03.2020;
 - The obligation to participated on the balancing market was removed according to the *Regulation to calculate and settle the imbalances of balancing responsible parties – single imbalance price* and amending certain orders issued by the President of the National Regulatory Authority in the Energy domain, approved by ANRE Order 213/25.11.2020;
 - Adopting the 15 minutes settlement interval on the balancing market;
 - Applying the single settlement price on the balancing market beginning with 1 February 2021;
 - Beginning with 1 June 2021 a new set of common rules was applied for the settlement of planned electricity exchanges and unplanned electricity exchanges, which provides financial settlement between Transmission System Operators and thus removed the in-kind compensations determined according to ENTSO-E's methodology by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland), which CNTEE Transelectrica SA was transacting on the Day-Ahead Market and registered distinctly in the Revenues & Expense Budget with the Balancing Responsible Party under Unplanned Exchanges after electricity transaction on the Day-Ahead Market;
- Market operation issues:
 - The manner of contracting on the local and regional markets before the balancing market;
 - The development of the average price registered on the balancing market;
 - Lower negative imbalance registered by electricity suppliers on the balancing market;
 - The development of hydraulic levels;
 - The development of electricity generation and consumption;
 - The development trend of CO₂ certificates;
 - The development of electricity consumption as a result of regulations issued by the Public Central Administration to prevent Covid-19 spreading;

Period 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020

ANRE-approved tariffs for services provided on the electricity market in the Interval were as follows:

	Average transmission tariff	Tariff of technological system services	Tariff of functional system services
Order 10/24.02.2021 for 01 March – 30 September 2021	20.55	10.82	-
Order 214/09.12.2020 for 01 January – 28 February 2021	20.55	11.96	-
Order 142/29.06.2020 for 01 July – 30 September 2020	17.97	11.96	2.49
Order 10/15.01.2020 for 16 January – 30 June 2020	17.97	13.05	1.84
Order 218/11.12.2019 for 01 January – 15 January 2020	18.33	13.05	1.84

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The electricity quantity delivered to consumers in 01 January 2021-30 September 2021, namely 01 January 2020-30 September 2020 was the following:

	<u>01 January 2021 – 30 September 2021</u>	<u>01 January 2020 – 30 September 2020</u>
Electricity quantity delivered to consumers (MWh)	41,925,308	39,483,535

Operational revenues achieved in 01 January 2021-30 September 2021, namely in 01 January 2020-30 September 2020 were as follows:

	<u>01 January 2021 – 30 September 2021</u>	<u>01 January 2020 – 30 September 2020</u>
Transmission revenues	857,516,345	706,520,613
Revenues from allocation of interconnection capacities	32,841,624	44,042,820
Revenues from reactive electricity	459,295	230,396
Inter TSO Compensation (ITC) revenues	2,733,579	2,115,802
Revenues from CPT transactions	16,760,438	5,875,298
Transmisison revenues – total	<u>910,311,281</u>	<u>758,784,929</u>
Revenues from functional system services	-	81,248,377
Revenues from technological system services	467,080,377	501,949,769
Revenues with unplanned exchanges on the DAM	11,957,555	2,429,821
System service revenues – total	<u>479,037,932</u>	<u>585,627,967</u>
Balancing market revenues	863,096,725	286,031,513
Other revenues	29,350,661	33,255,944
Total revenues	<u>2,281,796,599</u>	<u>1,663,700,353</u>

Transmission revenues and from functional system services

Taking into account the functional system services were integrated into transmission services beginning with 1 January 2021, in order to render comparable 01 January 2021-30 September 2021 with 01 January 2020-30 September 2020, the amount related to transmission services will be cumulated with that of functional system services in 01 January 2020-30 September 2020.

Thus, transmission services registered increase amounting to 69,747,355 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020 determined by 6.18% higher electricity quantities delivered to consumers, namely 2,441,773 MWh and by higher average tariff of transmission services as approved by ANRE (according to the previously provided table with ANRE-approved tariffs in the studied periods).

Revenues from the allocation of interconnection capacities

In 01 January 2021-30 September 2021 revenues from the allocation of interconnection capacities decreased in sum of 11,201,196 compared to 01 January 2020-30 September 2020, corresponding to the utilisation degree of available interconnection capacities by the 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.

Inter TSO Compensation (ITC) revenues

They were higher by 617,777 in January 2021-30 September 2021 compared to 01 January 2020-30 September 2020 because in 2021 the imported / exported / transited electricity quantities were higher than last year's, and the applied tariff of exchanges with perimeter countries grew in 2021.

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Revenues from CPT transactions

They were higher by 10,885,140 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020. Such revenues were mainly obtained by selling the excess electricity on the Intraday Market managed by OPCOM and under BRP CIGA ENERGY on the Balancing Market.

The significant increase of CPT transaction revenues in the studied period was mainly determined by the new rules on the balancing market and by Transelectrica's imbalances, which were mainly contrary to those of the National Power System, and by the higher volume of transaction on the Intraday Market as well as by the higher prices of the entire electricity market.

Revenues from technological system services

They registered decrease of 34,869,392 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020, determined by diminished ANRE-approved tariff for such services (according to the previously provided table with ANRE-approved tariffs in the studied periods) when the electricity quantities delivered to consumers grew 6.18%, namely 2,441,773 MWh.

In 01 January 2021-30 September 2021 revenues from technological system services were higher by 19,115,937 compared to expenses made to procure technological system services.

The regulatory framework specific to technological system services contains regularisation mechanisms compensating the excess or deficit of revenues as compared to expenses necessary for such activities. Thus, according to ANRE regulations the revenue surplus / deficit against the recognised costs resulting from such activities is to be compensated by ex-post tariff (negative / positive) correction applied by ANRE into the tariff in the years following that when such surplus / deficit was recorded. The revenue surplus / deficit against costs resulting from such activities is calculated for tariff scheduling periods (usually 12 months).

Balancing market revenues

They grew by 577,065,212 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020, mainly determined by the following issues:

- Regulatory issues:
 - Price limits were removed from the offers on the balancing market according to the *Regulation for the operation and settlement of the balancing market* and the *Regulation to schedule dispatchable generating units, the dispatchable consumers and the dispatchable storage installations*, approved by ANRE Order 61/31.03.2020;
 - The obligation to participated on the balancing market was removed according to the *Regulation to calculate and settle the imbalances of balancing responsible parties – single imbalance price* and amending certain orders issued by the President of the National Regulatory Authority in the Energy domain, approved by ANRE Order 213/25.11.2020;
 - The balancing market adopted the 15 minutes' settlement interval;
 - Applying the single settlement price on the balancing market beginning with 1 February 2021;
 - Beginning with 1 June 2021 a new set of common rules was applied for the settlement of planned electricity exchanges and unplanned electricity exchanges, which provides financial settlement between Transmission System Operators and thus removed the in-kind compensations determined according to ENTSO-E's methodology by the Settlement Centres of Brauweiler (Germany) and Laufenburg (Switzerland), which CNTEE Transelectrica SA was transacting on the Day-Ahead Market and registered distinctly in the Revenues & Expense Budget with the Balancing Responsible Party under Unplanned Exchanges after electricity transaction on the Day-Ahead Market;
- Market operation issues:
 - The manner of contracting on the local and regional markets before the balancing market;
 - The development of the average price registered on the balancing market;
 - Lower negative imbalance registered by electricity suppliers on the balancing market;
 - The development of hydraulic levels;
 - The development of electricity generation and consumption;
 - The development trend of CO₂ certificates;
 - The development of electricity consumption as a result of regulations issued by the Public Central Administration to prevent Covid-19 spreading;

Estimations for 2021 provide that: 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 on the electricity market, the settlement made at 15 minutes, the single settlement price applied on the balancing market and the management of COVID-19 spreading country-wide will have significant impact on the balancing market revenues / expenses.

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The regulatory framework specific to balancing market administration contains regularisation mechanisms compensating the revenue excess or deficit compared to expenses necessary for such activities. Thus according to ANRE regulations the monthly non-null balances (revenue surpluses) resulting for these activities are to be compensated by ex-post tariff (negative) correction applied by ANRE into the tariff in the years following that when such balances were registered.

15. System operation expenses and on the balancing market

01 July 2021-30 September 2021 compared to 01 July 2020-30 September 2020

Expenses made in quarter 3, 2021 compared to quarter 3, 2020 were as follows:

	01 July 2021 – 30 September 2021	01 July 2020 – 30 September 2020
Expenses regarding one's technological consumption	106,349,106	60,387,669
Congestion expenses	178	1,650
Expenses regarding electricity consumption in RET substations	4,335,588	3,242,260
Expenses regarding functional system services	8,948,017	8,864,628
Inter TSO Compensation (ITC) expenses	3,542,510	2,367,582
Total operational expenses	123,175,399	74,863,789
Expenses regarding technological system services	156,502,406	123,344,908
Balancing market expenses	394,566,807	119,967,963
Total	674,244,612	318,176,660

Expenses regarding one's own technological consumption

They are expenses to procure electricity on the free electricity market to cover one's technological consumption (CPT) in the RET; they were higher by de 45,961,437 in quarter 3, 2021 compared to quarter 3, 2020, taking into account several issues such as:

- One's technological consumption registered during the studied period was higher than in the similar interval of 2020, as the 2020 consumption was strongly influenced by the Covid-19 pandemic;
- The average electricity price procured on the DAM was significantly higher in quarter 3, 2021 compared to quarter 3, 2020;
- The single settlement price applied on the balancing market beginning with 01.02.2021 and settlements made at 15 minutes' interval have led to rises in the average price of electricity procured on the Balancing Market as compared to the same period of last year;

Expenses regarding the electricity consumption within RET substations

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

Such expenses increased with 1,093,328 in quarter 3, 2021 compared to quarter 3, 2020, growth owed to higher procurement prices for electricity in 2021 and to legislative changes applicable as of 01 July 2021, namely the provisions of ANRE Order 82/2021.

Inter TSO Compensation (ITC) expenses

They represent monthly payment liabilities / collection rights of each transmission & system operator (TSO). They are established under the compensation / settlement mechanism for the effects of using the electricity transmission grid (RET) for electricity transits in-between TSO-s of the 35 countries that adhered to such mechanism within ENTSO-E. In quarter 3, 2021 such expenses were 1,174,928 higher than in the same period of last year.

Expenses regarding technological system services

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

These services are contracted both under competitive and under regulatory 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 daily bids in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

In quarter 3, 2021 technological system services were contracted under regulatory regime only for reactive electricity according to ANRE Decision 1078/2020, being provided by the Company Generating Electricity in Hydropower Plants Hidroelectrica SA.

Expenses regarding technological system services increased by 33,157,498 in quarter 3, 2021 compared to quarter 3, 2020 mainly under the impact of the following factors:

- Procurement prices of technological system services on the competitive market in quarter 3, 2021 were higher than those of quarter 3, 2020 because in 2021 prices grew on the electricity market;
- In 2021 an extremely high concentration was registered on the market for technological system services, namely the prices of technological services for secondary reserve (RS).

Balancing market expenses

Such expenses made in quarter 3, 2021 amounted to 394,566,807 were 274,598,844 higher than those made in quarter 3, 2020. They result from the notifications / achievements of participants on this market.

01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020

Expenses made 01 January 2021-30 September 2021 in comparison with 01 January 2020-30 September 2020 were as follows:

	01 January 2021 – 30 September 2021	01 January 2020 – 30 September 2020
Expenses regarding one's technological consumption	282,381,092	173,741,510
Congestion expenses	355	1,650
Expenses regarding electricity consumption in RET substations	14,88,051	12,133,589
Expenses regarding functional system services	15,404,999	21,425,570
Inter TSO Compensation (ITC) expenses	12,946,106	10,458,874
Total operational expenses	325,320,603	217,761,193
Expenses regarding technological system services	447,964,440	421,560,525
Balancing market expenses	850,692,688	286,031,513
Total	1,623,977,731	925,353,231

Expenses regarding one's technological consumption

They are expenses made in order to procure electricity from the free electricity market, namely the Centralised Market of Bilateral Contracts (PCCB), the Day-Ahead Market (DAM), the Balancing Market (PE) and the Intraday Market (PI) with a view to cover the technological consumption (CPT) within RET.

Such expenses were higher by 108,639,582 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020, taking into account issues such as:

- Given its characteristic features the Own Technological Consumption (CPT / losses) in the Electricity Transmission Grid (RET) strongly depends on meteorological conditions, on the structure of nation-wide electricity generation and consumption, on the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbour power systems, its value being very little controllable or even not at all when the regional electricity market is interconnected and coupled;
- One's technological consumption registered in the studied period was higher by about 130 GWh (20%) compared to the same interval of 2020, as the 2020 consumption was strongly impacted by the Covid-19 pandemic;

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- The average electricity price procured on the DAM was more than twice higher in January – September 2021 compared to the same period of last year, significantly exceeding the values registered these last years;
- Market unpredictability was manifest by great fast price rises in the context of indexed price for carbon certificates; of carbon emissions, of an insufficient level of electricity generating capacities to replace the output of fossil fuels, especially coal, in the context of a liberalised market, absent competition for producers and for suppliers to purchase electricity in order to accomplish their contracts with many clients that selected the free market;
- The single settlement price applied beginning with 01.02.2021 on the balancing market and settlements made at 15 minutes' have led to about 40% higher average price of electricity procured on the Balancing Market compared to the same period of last year. CPT costs on the balancing market were about 60% higher than in the same period of last year, during the entire studied interval.

Expenses regarding electricity consumption within RET substations

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

Such expenses increased by 2,454,462 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020, growth owed to indexed electricity procurement prices in 2021 and to legislative changes applicable beginning with 01 July 2021, namely the provisions of ANRE Order 82/2021.

Expenses regarding functional system services

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

Such expenses decreased 6,020,571 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020, mainly determined by reduced balancing market expenses regarding unplanned electricity exchanges with neighbouring countries that are interconnected to SEN.

Inter TSO Compensation (ITC) expenses

They represent monthly payment liabilities / collection rights of each transmission & system operator (TSO). They are established under the compensation / settlement mechanism for the effects of using the electricity transmission grid (RET) for electricity transits in-between TSO-s of the 35 countries that adhered to such mechanism within ENTSO-E. In 01 January 2021-30 September 2021 such expenses were 2,487,232 higher than in the same period of last year.

Expenses regarding technological system services

The Company procures such services from producers with a view to provide and maintain safe operation of SEN and the quality of transmitted electricity at parameters requested by applicable technical norms according to the needs established by the National Power Dispatcher (organisational unit of the Company), liable to provide stability and safe operation of SEN.

These services are contracted both under competitive and under regulatory 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 daily bids in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and Council of 5 June 2019.

In 01 January 2021-30 September 2021 technological system services were contracted under regulatory regime only for reactive electricity according to ANRE Decision 1078/2020, being provided by the Company Generating Electricity in Hydropower Plants Hidroelectrica SA.

Expenses regarding technological system services increased by 26,403,915 in 01 January 2021-30 September 2021 compared to 01 January 2020-30 September 2020, mainly influenced by the following factors:

- Higher procurement prices for technological system services on the competitive market during the studied period for secondary reserve (RS) and fast tertiary (RTR), taking into account the higher prices registered on the electricity market in 2021;
- In 01 January 2021-30 September 2021 a high concentration was recorded on the market for technological system services for secondary reserve (RS);

CNTEE Tranelectrica SA re-invoices the technological system services procured from producers towards the ANRE-licensed electricity suppliers that benefit of such services in the end.

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Estimations for 2021 provide that: 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 on the electricity market, the development of ANRE's regulatory framework for the electricity market and the country-wide management of COVID-19 spreading will have significant impact over the costs made to procure technological system services for CNTEE Transelectrica SA.

Balancing market expenses

Such expenses made in 01 January 2021-30 September 2021 amounted to 850,692,688 and were 564,661,175 higher compared to those made in 01 January 2020-30 September 2020. They result from the notifications / achievements of participants on this market.

16. Personnel expenses

	<u>01 July 2021 – 30 September 2021</u>	<u>01 July 2020 – 30 September 2020</u>
Salary expenses	54,204,115	51,005,154
Social expenses	4,351,661	4,265,580
Expenses on tickets granted to employees	1,971,660	4,221,230
Expenses for mandate contracts and other committees, commissions	950,523	768,696
Social security and protection expenses	3,693,125	7,262,259
Provisions constituted for salary expenses and assimilated	(1,768)	(1,654)
Other expenses	293,150	302,445
Total	<u>65,462,466</u>	<u>67,823,710</u>

The total personnel expenses made in quarter 3, 2021 decreased in comparison with quarter 3, 2020, mainly determined by diminished expenses on tickets granted to employees and lower social security and protection expenses.

	<u>01 January 2021 – 30 September 2021</u>	<u>01 January 2020 – 30 September 2020</u>
Salary expenses	156,619,638	144,369,284
Social expenses	8,392,905	5,732,162
Expenses on tickets granted to employees	6,263,440	7,586,435
Expenses regarding employees' participation to the profit obtained in the previous year	3,825,122	-
Expenses on Covid-19-Avantaj food, taxable	-	1,003,974
Expenses for mandate contracts and other committees, commissions	2,988,089	2,285,847
Social security and protection expenses	12,772,050	14,370,958
Provisions constituted for salary expenses and assimilated	(13,208,810)	(9,816)
Other expenses	795,418	812,366
Total	<u>178,447,852</u>	<u>176,151,210</u>

The total personnel expenses made in 01 January 2021-30 September 2021 increased in comparison with 01 January 2020-30 September 2020, mainly determined by higher salary expenses, social expenses, the expenses associated to the mandate contract and other committees, commissions while expenses on tickets granted to employees diminished as well as the social security and protection expenses. Mention should be made in 01 January 2020-30 September 2020 personnel expenses were lower compared to the same period of the current year because of the coronavirus pandemic.

Also in 01 January 2021-30 September 2021 expenses were registered with respect to employees' participation to the profit of 2020, and the provision constituted in 2020 for employees' participation to profit was resumed into revenues.

At the same time some parts of the provisions constituted were resumed into revenues, while payments were made for OAVT certificates (OAVT = remunerations of executive and non-executive administrators consisting of the variable component related

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to OAVT packages allocated but not capitalised during the mandates executed in 2013-2017), payments made according to enforceable court rulings for the Company.

17. Other operational expenses

	01 July 2021 – 30 September 2021	01 July 2020 – 30 September 2020
Other expenses with services executed by third parties	20,673,998	15,293,490
Postal expenses and telecommunication fees	211,952	207,024
Royalties and rents	1,216,597	342,014
(Net) operational expenses on impairment allowances for current assets	15,205,535	131,132
Other expenses, of which:	9,602,249	19,923,187
- <i>(Net) expenses with provisions for other operational expenses</i>	<i>(7,501)</i>	<i>(11,996,023)</i>
- <i>Expenses for OAVT-s according to court rulings</i>	-	20,702,848
- <i>Tax and charge expenses (ANRE fee, natural monopoly tax, other local taxes and charges)</i>	<i>4,910,112</i>	<i>6,123,068</i>
- <i>International subscription expenses</i>	<i>1,452,351</i>	<i>1,329,997</i>
- <i>Travel expenses</i>	<i>708,158</i>	<i>427,130</i>
- <i>Expenses on electricity procured for administrative consumption</i>	<i>666,840</i>	<i>838,068</i>
- <i>Merchandise expenses</i>	<i>358,239</i>	<i>187,482</i>
- <i>Personnel transportation expenses</i>	<i>166,716</i>	<i>281,303</i>
- <i>Insurance premium expenses</i>	<i>129,122</i>	<i>162,574</i>
- <i>Expenses generated by the Covid-19 pandemic</i>	<i>35,382</i>	<i>59,074</i>
- <i>Other operational expenses</i>	<i>1,182,830</i>	<i>1,807,666</i>
Total	46,910,331	35,896,847

In quarter 3, 2021 such expenses were higher by 11,013,484 compared to quarter 3, 2020 taking mainly into account the increase of certain expense items such as:

- Higher expenses for services executed by third parties (Teletrans maintenance expenses, the implementation of pan-European codes, etc.), royalty and rent expenses (because of a higher quantum for annual royalty 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), travel & merchandise expenses, international subscriptions etc.;
- Higher (net) operational expenses with respect to impairment allowances for current assets, taking into account the provisions constituted for Getica 95 COM SRL, Romelectro SA, CET Govora SA etc.

	01 January 2021 – 30 September 2021	01 January 2020 – 30 September 2020
Other expenses with services executed by third parties	55,919,392	46,921,015
Postal expenses and telecommunication fees	565,466	600,573
Royalties and rents	3,867,981	1,020,041
(Net) operational expenses on impairment allowances for current assets	15,493,237	411,365
Other expenses, of which:	36,759,492	40,090,375
- <i>(Net) expenses with provisions constituted for other operational expenses</i>	<i>(8,071,902)</i>	<i>(11,400,230)</i>
- <i>Expenses for OAVT-s according to court rulings</i>	<i>9,419,836</i>	<i>20,702,848</i>
- <i>Tax and charge expenses (ANRE fee, natural monopoly tax, other local taxes and charges)</i>	<i>17,263,022</i>	<i>15,992,128</i>
- <i>International subscription expenses</i>	<i>4,283,058</i>	<i>3,984,498</i>
- <i>Fine and penalty expenses, mainly from disputes</i>	<i>2,851,306</i>	<i>4,221</i>
- <i>Travel expenses</i>	<i>2,108,544</i>	<i>1,322,049</i>
- <i>Other operational expenses, not fiscally deductible</i>	<i>1,662,745</i>	<i>531,740</i>

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- Expenses on electricity procured for administrative consumption	962,468	2,382,076
- Personnel transportation expenses	812,485	703,785
- Merchandise expenses	797,576	327,413
- Expenses for natural gas procured	669,277	610,098
- Insurance premium expenses	384,017	498,082
- Expenses, bank services and assimilated	323,901	423,284
- Study and research expenses	223,000	552,375
- Expenses generated by the Covid-19 pandemic	116,938	1,108,088
- Other operational expenses	2,953,221	2,347,920
Total	112,605,568	89,043,369

In 01 January 2021-30 September 2021 such expenses increased by 23.562.199 compared to 01 January 2020-30 September 2020, mainly determined by the variation of certain expense items such as:

- Higher expenses for services executed by third parties (Teletrans maintenance expenses, the implementation of pan-European codes, civil protection and guard expenses etc.), royalty and rent expenses (because of a higher quantum for annual royalty 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), travel & merchandise expenses, international subscriptions etc.;
- Higher tax and charge expenses taking into account 2,140,264 were registered in February 2021 representing value added tax expenses not admitted to deduction in 2014-2016, according to Fiscal Inspection Report F-MC18/16.02.2021 and the Taxation Decision F-MC 22/16.02.2021 regarding main fiscal liabilities associated to differences between the taxation bases established by fiscal audits to legal persons, issued by ANAF, General Directorate Managing Large Tax Payers. The Company constituted provision for the paid amount, which was cancelled on payment date being resumed into revenues;
- In March 2021 the amount of 2,845,587 (582,086.31 Euro) was registered, as well as the legal penalty interest associated to the principal, calculated from 11.06.2014 until 24.03.2021, sum paid by Subsidiary OPCOM and detailed below:
Civil ruling 614 of 16.03.2021 of ICCJ, Section II Civil decided rejecting the recourse filed by CNTEE Transelectrica SA against Ruling 1813/2018 pronounced by the Appeal Court Bucharest under file 40814/3/2014*, thus constituting enforceable title, sentence 4275/24.06.2015 pronounced by Bucharest Tribunal under file 40814/3/2014 being final. Thus the Company paid to subsidiary OPCOM SA 2,845,587 (582,086.31 Euro) representing amount paid by claimant OPCOM SA instead of the defendant (the Company) of the total 1,031,000 Euro fine applied by Decision of the European Commission on 05.03.2014, with respect to a procedure initiated according to article 102 of the Treaty on the operation of the European Union in case AT.39984. The fore-mentioned EC decision provided: "*Article 1 - CNTEE Transelectrica SA and its subsidiar Co. OPCOM SA committed singular continuous violation of article 102 from the treaty from 30 June 2008 until at least 16 September 2013 as a discrimination, because they asked the Union traders that wanted to participated to the Day-Ahead Market and to the Intraday electricity Market of Romania to register in Romania for VAT purposes.*
Art. 2 - For the trespass provided in article 1 enterprises CNTEE Transelectrica SA and Co. OPCOM SA are applied fine of 1,031,000 Euro, being jointly liable to pay the entire fine..."
For such amount paid the Company had provision constituted even in 2015, which was cancelled on payment date by being resumed into revenues.
- Higher (net) operational expenses regarding impairment allowances for current assets, taking into account the provisions constituted for Getica 95 Com SRL, Romelectro SA, CET Govora SA etc.;
- Resuming into revenues certain provisions constituted for ANAF, OPCOM SA, Energobit SA etc.
- Registering the OAVT expenses, payments made according to enforceable law court rulings (the 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);

18. Net financial result

	01 July 2021 – 30 September 2021	01 July 2021 – 30 September 2021
Interest revenues	528,776	1,685,366
Revenues from exchange rate differences	1,675,160	1,123,085
Other financial revenues	3,270	242,795
Total financial revenues	2,207,206	3,051,246

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Interest expenses	(1,051,079)	(1,484,549)
Expenses from exchange rate differences	(2,158,763)	(1,692,610)
Total financial expenses	3,209,842)	(3,177,159)
Net financial result	(1,002,636)	(125,913)
	01 January 2021 – 30 September 2021	01 January 2020 – 30 September 2020
Interest revenues	1,892,562	5,421,682
Revenues from exchange rate differences	3,754,236	2,305,929
Other financial revenues	50,472	271,973
Total financial revenues	5,697,270	7,999,584
Interest expenses	(3,240,336)	(5,546,296)
Expenses from exchange rate differences	(5,310,320)	(4,483,947)
Total financial expenses	(8,550,656)	(10,030,243)
Net financial result	(2,853,386)	(2,030,659)

On 30 September 2021 the Company registered net financial result (loss) amounting to 2,853,386, 822,727 higher than the result recorded in the same period of 2020. It was mainly influenced by the national currency's exchange rate development against the foreign currency the Company has contracted bank loans to finance its investment plans (Euro).

The national currency's exchange rate recorded on 30 September 2021 compared to that registered on 30 September 2020 was the following:

Currency	30.09.2021	30.09.2020
Lei / Euro	4.9471	4.8698
Lei / USA Dollar	4.2653	4.1617

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

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

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

• INDEPENDENT AUTHORITY FOR NUCLEAR ACTIVITIES

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

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

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

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

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

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

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

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

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

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

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

On the 06.11.2019 term the Appeal Court Craiova decided rejecting Transelectrica's appeal as groundless; final. Ruling 846/06.11.2019.

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

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

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

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

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

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

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

The following term was established on **10.02.2022**.

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• 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 were appealed against before the Appeal Court of Bucharest and file 1658/2/2014 was constituted, pertaining to “cancellation of control deeds” – Conclusion 7/20.02.2014 issued by the Court of Audit.

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

At the public hearing on 21.10.2020 the appeals filed by the claimant and by the defendant against ruling 2771 of 13 June 2018 of CAB, Section VIII, Administrative & fiscal disputes, were rejected as groundless; final.

Term: 28.10.2021, Settlement details: THE TERM WAS CHANGED.

As result of an audit conducted in 2017 the Court of Audit issued certain measures to be implemented by the Company as it ascertained certain deficits. CNTEE Transelectrica SA filed 8 contestations against the measures decided by Romania’s Court of Audit (CCR) by Decision 8/27.06.2017, requesting their cancellation as well as cancelling the Conclusion 77/03.08.2017, registered in the Company under number 29117/08.08.2017, and the Audit Report 19211/26.05.2017. Contestations are under settlement - on the docket of the Appeal Court Bucharest (2 files: **6576/2/2017** pertaining to cancelling the findings regarding item 13, and the measure decided in item II.13, term: 20.01.2021, settlement: the exceptions of inadmissibility claimed in the summons were rejected; the request was rejected as groundless, and file **6581/2/2017** on cancelling the findings from item 6, and the measure decided in item II.9, hearing term on 17.09.2021); on the docket of the High Court of Cassation and Justice (4 files: **6577/2/2017** on cancelling the findings from item 13, and the measure decided in item II.13, which became file **1614/1/2020**, hearing term set on 27.01.2022; file **6578/2/2017** on cancelling the findings from item 9, and the measure decided in item II.11, hearing term on 08.06.2022; file **6574/2/2017** on cancelling the findings from item 5.2, and the measure decided in item II.8, hearing term on 19.10.2021). Three files were settled for good by cancellation request rejected by the Appeal Court Bucharest and appeals denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings from item 5.1, and the measure decided in items II.7 and II.8 and file 6582/2/2017 on cancelling the findings from item 11, and the measure decided in item I.5; file 6580/2/2017 on cancelling the findings from item 10, and the measure decided in item II.12).

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

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

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

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

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

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

The Company’s contestation is under settlement on the docket of the Appeal Court Bucharest.

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• ANRE

CNTEE Transelectrica SA filed complaint against Order 51/26.06.2014 of ANRE President, registered with ANRE under no. 47714/4.08.2014, and an appeal before the Appeal Court of 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 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 entrusted 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 established 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 next hearing term.

At the following term on 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 objections. Also, on the 21.07.2020 hearing term the case was deferred and the ruling decided to send a 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 admitted as groundless. The suit was rejected as groundless. Appeal right granted within 15 days from notification. It was pronounced by placing the settlement at the parties' disposal by means of the court clerk; Ruling 362/2020.

On 16.11.2020 the case was deferred; settlement in brief: In accordance with article 230 Cpc it changed ex officio the hearing term established on 17.11.2020 to 11.01.2021. It decided quoting the parties by copy from the term changing conclusion; appeal right together with the substance issue.

On 11.01.2021 settlement in brief was: It admitted the request to complete the device. It decided completing the device of civil sentence 362/06.10.2020 with the settlement on the accessory intervention, meaning that: It admitted the accessory intervention request filed by intervenient ALRO SA to support defendant ANRE. Appeal right was granted within 15 days from notification, to be submitted to the Appeal Court Bucharest. It was pronounced on 11.01.2021 by placing the settlement at 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 Romanian Gas and Electricity 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**.

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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 of Article 102 of the Treaty on the European Union Functioning, according to Decision AT 39984 in the antitrust case.

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 Co. OPCOM SA was 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, 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 of 10.10.2016.

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

ICCJ term: 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 ruling 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 granted within 30 days from notification.

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

ICCJ settlement of 30.06.2020 was: the parties will be acquainted with the report on the principle admissibility of the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil, mentioning they were entitled to submit an opinion about the report within 10 days from communication.

On the 10.11.2020 term ICCJ settlement was: it admitted in principle the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest.

On the 16.03.2021 term the court panel denied as groundless the appeal filed by Transelectrica against ruling 1813/2018 of 1 October 2018, pronounced by the Appeal Court Bucharest, Section V Civil; final.

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 invoice series TEL 16 AAA 19533/29.07.2016, representing VAT for the contribution of CNTEE Transelectrica SA to the share capital of OPCOM SA, issued under the Loan Contract 7181RO/2003, commitment to finance the investment "Electricity Market Project"; to 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 legal penalty interest calculated for the failure to pay invoice TEL 16 AAA 19533/29.07.2016 in due time.

The amount of 4,517,460 Lei, main liability under petition 1 of such case is the VAT for share capital increase of OPCOM SA by contribution in-kind, consisting of intangible assets received during stage I A and stage II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

On the 27.09.2019 term the exception of inadmissibility and the exception of prescription were 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 to be submitted to Bucharest Tribunal, Section VI Civil.

On 22.11.2019 file **34249/3/2019**, settlement in brief: 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

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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**, pertaining to cancellation request.

Cancellation requests were registered under file **34022/3/2019**, with hearing term on 11.03.2020. Settlement in brief: lawfully suspended according to article 63 oara 11 of annex 1 to the Decree 240/2020 of Romania's President on extending the emergency state in Romania.

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

TMB settlement for the cancellation request: on the 17.11.2020 term it denied both cancellation requests as groundless. It rejected both parties' requests to compel law court expenses as groundless; final. It was pronounced by placing the settlement at the parties' disposal by the court cler. Document: Ruling 2221/2020 / 17.11.2020.

• CONAID COMPANY SRL

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

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

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

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil new summons were filed by Conaid Company SRL under file **36755/3/2018**, by which the claimant requested the court to compel Transelectrica SA to "repair the prejudice caused to the claimant as a result of the defendant's culpable non-execution of obligations in quantum of 17,216,093.43 Lei, consisting of actual damage incurred and 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.

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

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

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

On the 14.09.2021 term the case was deferred in order to send the letter to the expert.

• 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 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 with the High Court of Cassation and Justice.

Term: 12.05.2020 - Settlement details: The parties are 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.

At the hearing term on 13.10.2020 the settlement was: screen- in principle the file request was admitted with the following details: the exception of appeal nullity was rejected as claimed by the intimated-defendant CNTEE Transelectrica SA in the summons. It admitted in principle the recourse filed by claimant FF Wind Energy International SRL by judiciary administrator Aktiv Lex Insolvency SPRL against civil ruling 1191 of 23 July 2019, pronounced by the Appeal Court Bucharest.

At the hearing term on 26.01.2021 the case was deferred to 30 March 2021, and on 30 March 2021 the case was deferred on 14 September 2021.

At the hearing term on **14 September 2021** ICCJ settlement was: "it denies as groundless the appeal file by claimant FF Wind Energy International SRL by judiciary liquidator CII Neamu Corneliu against civil ruling 1191 of 23 July 2019 pronounced by the Appeal Court Bucharest, Section VI Civil; final".

• 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, and the receivable was admitted and registered in the preliminary table.

Settlement in brief: It established the term on 14.10.2019 to continue the bankruptcy procedure by 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 27.01.2020 term the verification was established on 11.05.2020 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 11.05.2020 judgment was lawfully suspended during the emergency state instituted in Romania.

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

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On the 05.10.2020 term the case was deferred; settlement in brief: term was established on 18.01.2021 to continue the bankruptcy procedure by 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 18.01.2021 term the case was deferred; settlement in brief: Report 1334 was approved about the funds obtained from liquidating the debtor's assets and Plan 1335 for funds distribution.

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

• RESITA CITY

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 penalty interest from due date until actual payment;

Settlement in brief: It admitted the exception of territorial incompetence for Caras Severin Tribunal. It declined the settlement competence of the request filed by claimant Resita City through the mayor in contradiction with defendant CNTEE Transelectrica SA in 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; Ruling 2376/25.10.2019.

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

File **2494/115/2018****, term 16.11.2020 with Caras Severin Tribunal.

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

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

• ANAF

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations. It maintained the other provisions of Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Taxation Decision F-MC 439/30.06.2017 issued by the the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers. It denied the other suspended requests as groundless. It denied as groundless the request to grant law court expenses consisting of the stamp judiciary fee. It compelled the defendants to jointly pay the claimant the law court expenses amounting to 4,000 Lei, representing fee for the execution of accounting-fiscality expertise, proportional to the request admittance. **Appeal right** granted within 15 days from communication, to be submitted to the Appeal Court Bucharest. **Ruling 382/20.10.2020.**

• OTHERS

The Company is involved in significant disputes specially to recover trade receivables (e.g.: Eco Energy SRL, Petprod SRL, Total Electric Oltenia SA, Arcelormittal Galati SA, Independent Authority of 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 impairment allowances for value losses in case of clients and other litigated receivables, as well as for bankrupt clients.

At the same time the Company is involved in disputes with former executive and non-executive administrators with respect to the mandate contracts concluded between them and the Company for the performance bonus associated to OAVT Certificates granted them and not capitalised, which bonus was provided in mandate contracts concluded in 2013 – 2017. The Company has constituted 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 – September 2021 the following audit was completed in the Company:

• Control of ANAF-DGAMC

Fiscal audits from the Ministry of Public Finance, ANAF – DGAMC began on 20.12.2019 and pertained to “*checking the legality and compliance of fiscal returns and / or relevant fiscal audit operations, the fairness and accuracy of achieved obligations regarding establishment of taxation bases and main fiscal liabilities under the value added tax from 01.01.2014 to 31.12.2016*”, which was suspended from 25.09.2020 to 31.12.2020.

The audit was resumed on 04.01.2021 and completed on 16.02.2021 with the Fiscal Audit Report F-MC 18/16.02.2021.

When the audit has ended ANAF – DGAMC issued Taxation Decision F-MC 22/16.02.2021 and Measure Decision 4/16.02.2021 whereby it established the main additional fiscal liabilities (principal) representing they did not admit for deduction the value added tax of 01.01.2014 – 31.12.2016, in quantum of 2,140,264.

Also, ANAF – DGAMC on 15.03.2021 issued Decision 211 about accessory fiscal liabilities representing interest rates and delay penalties associated to the principal, in total amount of 1,834,396.

After the Company submitted the cancellation request for accessory payment liabilities according to OUG 69/2020, ANAF – DGAMC issued Decision 1031/08.04.2021 cancelling the accessory payment liabilities amounting to 1,834,396.

At present there are on the docket disputes with Romania’s Court of Audit with respect to their audits performed in 2013, 2017 and 2020, described under Disputes. Taking into account the Court of Audit’s findings recorded in Decisions of 2013, 2017 and 2020 we specified in the financial statements elaborated each quarter, semester and year there may be possible to result additional fiscal liabilities for payment, but which cannot be accurately determined now according to the provisions of Standardul IAS 37 - Provisions, contingent liabilities and contingent assets.

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20. Affiliated parties

- *Transactions with the Company-owned subsidiaries*

Entity	Country of origin	30 September 2021 % of shares	31 December 2020 % of shares
SMART SA *)	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA **)	Romania	-	-
OPCOM SA	Romania	97.84	97.84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA ***)	Romania	100	100

The net value of shares the Company holds in its subsidiaries amounted to 78,038,750 on 30 September 2021 and to 78,038,750 on 31 December 2020.

The gross value of Company participation into its subsidiaries is as follows:

SMART SA

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

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

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

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

Thus, on 30 September 2021 the share capital of Co. SMART SA was of 38,528,600 divided into 3,852,860 nominative shares, each one worth 10 Lei, fully subscribed and paid by the Company.

On 30 September 2021 the shareholder structure of 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 seated in Blvd. Hristo-Botev 16 - 18, Bucharest 3 with headquarters in the working location of Polona Street 68-72, Business Center, Bucharest 1, has as main business maintenance services of process and managerial information, specific telecommunication and information technology services within RET, telephone, data transmissions and was established by AGA Decision 3/2002.

The share capital on 30 September 2021 was 6,874,430 fully subscribed and paid.

ICEMENERG SA

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

On 30 September 2021 in the Company's accounting books the share capital of Subsidiary Icemenerg SA was of 1,083,450 fully subscribed and paid.

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***) 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 decision being final.

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

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

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 HG 925/2010 provisions.

OPCOM SA

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

On 30 September 2021 the share capital was of 31,366,090, of which 8,778,790 represent share capital fully subscribed and paid. The share capital difference amounting to 22,587,300 is represented by the Company's contribution in-kind, namely intangible assets "Electricity trade exchange OPCOM" and "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 & Consultanta SRL.

The change in the articles of association of OPCOM SA based on AGEA Decision 6/15.06.2016 was registered with ONRC according to the Registration Certificate of mentions on 11.07.2016.

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 for AGA's approval by OPCOM, being provided as share capital subscribed and not fully paid.

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

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

On 30 September 2021 the share capital of OPCOM SA was of 31,366,090 Lei, representing a number of 3,136,609 nominative shares of 10 Lei each and a participation quota of de 97.84% from CNTEE Transelectrica SA to benefits and losses.

FORMENERG SA

Company FORMENERG SA seated in Blvd. Gh. Sincai 3, Bucharest 4, with legal personality has as main business the initial permanent professional training in all activity domains of personnel in the energy sector, as well as of other beneficiaries, being established under AGA Decision 33/2001.

The share capital on 30 September 2021 was of 1,948,420, fully subscribed and paid.

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Company ICEMENERG SERVICE SA seated in Blvd. Energeticienilor 8, Bucharest 3 has as main business the concept, production, implementation, repair, modernisation and marketing of apparatuses, equipment and specific installations.

HG 2294/09.12.2004 approved the transfer of the package of shares held by the Trading Company Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest into the Trading Company Subsidiary ICEMENERG-SERVICE SA Bucharest to the National Power Grid Company Transelectrica SA.

In 2016 the Company registered impairment allowance of 493,000 for the shares held in Subsidiary ICEMENERG SERVICE SA.

The share capital on 30 September 2021 was of 493,000, fully subscribed and paid.

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

The balances of Company-held subsidiaries were as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	30 September 2021	31 December 2020	30 September 2021	31 December 2020
SMART SA	501,894	347,748	13,838,798	8,265,157
TELETRANS SA	121,943	140,261	13,359,584	11,531,976
FORMENERG SA	-	-	-	-
OPCOM SA	108,842,151	63,087,051	104,754,943	55,153,620
TOTAL	109,465,988	63,575,060	131,953,325	74,950,753

*) Trade receivables are provided at gross values.

Transactions performed with Company subsidiaries in the report period are detailed as follows:

AFFILIATED ENTITY	Sales			
	Quarter III 2021	Quarter III 2020	9 months 2021	9 months 2020
SMART SA	114,580	235,955	444,806	552,665
TELETRANS SA	86,343	111,954	254,229	389,919
OPCOM SA	393,016,443	69,383,875	701,674,346	204,145,206
TOTAL	393,217,366	69,731,784	702,373,381	205,087,790

AFFILIATED ENTITY	Procurements			
	Quarter III 2021	Quarter III 2020	9 months 2021	9 months 2020
SMART SA	29,364,063	21,131,674	62,536,781	52,297,902
TELETRANS SA	9,805,683	7,589,603	25,954,032	23,034,767
FORMENERG SA	-	-	-	243,212
OPCOM SA	278,926,670	96,448,217	745,888,139	243,088,389
TOTAL	318,096,416	125,169,494	834,378,952	318,664,270

21. Credit risk

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

The counterpart risk is treated using factors inside and outside the Company. The external success factors which systematically

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influence risk reduction are: decentralising the energy sector making the generation, transmission, distribution and supply as 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 counterparty 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 their obligation to constitute financial securities in trading contracts. The value of receivables net of value allowances represents the maximum amount exposed to the collection risk.

The maximum collection risk on the report date was:

	30 September 2021	31 December 2020
Active financiare		
Net trade receivables	882,007,879	714,534,816
Other net receivables and down payment to suppliers	136,902,367	99,440,901
Receivable VAT	84,190,979	33,960,938
Cash and cash equivalents	398,940,758	554,003,528
Other financial assets	-	-
Total	1,502,041,983	1,401,940,183

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

	Gross value 30 September 2021	Impairment allowance 30 September 2021	Gross value 31 December 2020	Impairment allowance 31 December 2020
Not reached to maturity	790,934,510	281,279	624,754,181	366,827
Due date exceeded from 1 to 30 days	1,571,983	-	241,655	10,280
Due date exceeded from 31 to 90 days	12,612,087	12,540,751	708,288	5
Due date exceeded, 90 to 180 days	122,069	15,063	4,209	3,244
Due date exceeded, 180 to 270 days	598,023	69,281	115,894	16,794
Due date exceeded, 270 to 365 days	6,811	7,052	25,501	9,349
More than a year	222,867,276	133,791,454	223,418,967	134,327,381
Total	1,028,712,759	146,704,880	849,268,695	134,733,880

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

	Gross value 30 September 2021	Impairment allowance 30 September 2021	Gross value 31 December 2020	Impairment allowance 31 December 2020
Not reached to maturity	186,666,178	29,532	96,274,766	27,596
Due date exceeded from 1 to 30 days	486,845	-	4,024,018	275,198
Due date exceeded from 31 to 90 days	747,477	-	6,024,297	23,676
Due date exceeded from 90 to 180 days	1,165,204	-	1,341,947	249,176
Due date exceeded, 180 to 270 days	3,419,760	2,855,696	4,924,105	3,136,088
Due date exceeded, 270 to 365 days	2,935,050	291,979	714,798	641,101
More than a year	84,688,771	55,838,732	76,953,045	52,502,302
Total	280,109,285	59,015,939	190,256,976	56,855,137

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.

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The development of **impairment allowances for doubtful receivables** is provided below:

	30 September 2021	31 December 2020
Balance on 1 January	134,733,880	135,508,897
Recognition of impairment allowances	14,353,967	1,364,509
Reversal of impairment allowances	2,382,967	2,139,526
Balance at the end of the interval	146,704,880	134,733,880

The development of **impairment allowances for other doubtful receivables** were as follows:

	30 September 2021	31 December 2020
Balance on 1 January	56,855,137	52,494,869
Recognition of impairment allowances	2,973,173	5,100,534
Reversal of impairment allowances	812,371	740,267
Balance at the end of the interval	59,015,939	56,855,137

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 their obligation to constitute financial securities in trading contracts. The value of receivables net of value allowances represents the maximum amount exposed to the collection risk.

Cash is placed into financial institutions which are considered to be of minimum risk.

22. Later events

- *Draft order on deferring the approval of tariffs for electricity distribution services, for electricity transmission services and system services applicable in 2022*

This draft of ANRE takes into account tariffs approved by Order 214/2020 issued by the president of the National Regulatory Authority in the Energy domain, with later amendments and by Orders 215 - 222/2020 issued by the president of the National Regulatory Authority in the Energy domain can maintain their applicability until 31.03.2022.

The revenue difference of network operators in 01.01-31.03.2022 will be recoverable according to the provisions of applicable methodologies.

- *Partnership Agreement to implement the Carpathian Modernised Network (CARMEN) project*

On 7 October 2021 the Directorate Chairman of Transelectrica SA and the Director General of Gelgaz Grid SA, electricity and natural gas distribution company of the German holding E.ON signed the Partnership Agreement to implement the Carpathian Modernised Network (CARMEN) project before the project teams.

CARMEN is a project developed by partnership with the Hungarian transmission operator, MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító ZRt found under assessment by the European Commission in view of being admitted in the 5th List of Projects of Common Interest (PCI) in the smart grids' domain.

This partnership agreement means at the same time changing the status of CNTEE Transelectrica SA under the project from supporting partner into an active partner.

With this CARMEN project the partners intend modernising and developing the transmission and distribution networks and enhancing their interoperability both nation-wide and in all Europe, which means reaching the objectives of common interest; thus estimations are 23 transformer substations, 65 transformer posts, high voltage overhead lines will be upgraded and specific IT & communications will be implemented, by installing up-to-date voltage control means in the electricity transmission grid and the entire power system.

CARMEN project amounts to about 150 million EURO and its implementation will last 6 years beginning with 2023; it will be proposed for financing under Connecting Europe Facility (CEF).

- *Results of the parallel external running of the flow-based market coupling project*

The Press release published on the Company's site on 11.10.2021 issued by the parties involved in the flow-based coupling project of the day-ahead market (Core FB MC) announced that, as of 28 August 2021 the parallel external run reached its next maturity level.

In accordance with the legal obligation provided in article 20 paragraph (8) from the CACM Regulation requiring the involved

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TSO-s to test the flow-based methodology and the existent regimes for calculation and capacity allocation, currently applied within Core CCR for at least six months, this so-called parallel external run reached a high maturity level.

The common systems necessary for Transmission System Operators of Core region used in the parallel external run are in the final industrialisation stage, covering the necessary requirements to enable fully representative and stable parallel run.

Project parties have begun joint tests in the second half of September 2021 and they expect launching the common tests of the procedures for the Single Day-Ahead market Coupling (SDAC) at the beginning of 2022.

Market participants' implication is also provided at the beginning of 2022.

The flow-based market coupling (Core FB MC) project promotes development and implementation of day-ahead markets using flows in the entire Core Region (Core CCR) under the single day-ahead market coupling (SDAC).

Core CCR covers the borders in-between the bidding zones of the following EU member states: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia.

- *Moody's granted rating Baa3 stable outlook to the Company*

On 19 October 2021 the Rating Agency Moody's improved the rating of Transelectrica to Baa3 stable outlook.

- *Core Flow-Based Market Coupling Project organises an introductory webinar of such flow-based market coupling in Core region*

On 22 November 2021 the project parties in order to prepare market participants for the launch of the Core Flow-Based Market Coupling will organise a seminar online, which will mainly focus on the basic issues of flow-based capacity calculation and intends informing market participants that are not acquainted with such issues.

Launching Core FB MC project is foreseen for the end of February 2022. It will provide transition to a single day-ahead markets coupling in Core region based on the flow-based methodology. It enables optimising the day-head capacity allocation region-wide.

The flow-based market coupling (Core FB MC) project promotes development and implementation of flow-based coupling of day-ahead markets in the entire Core Region (Core CCR) under a single day-ahead coupling (SDAC). Core CCR covers the borders of the bidding zones from the following EU member states: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, the Netherlands, Poland, Romania, Slovakia and Slovenia.

- *Decisions 6 & 7 of the Shareholders' General Ordinary Assembly of the Company on 21 October 2021*

On 21 October 2021 the Shareholders' General Ordinary Assembly of the Company issued Decision 6 approving a two months' extension from 22 October 2021 onward of the term of mandates for provisional Supervisory Board members, namely MORARIU Marius Vasile, POPESCU Mihaela, DOGARU-TULICA Adina Loredana, NASTASA Claudiu Constantin, DUMITRIU Victor Florin, and BLAJAN Adrian Nicolae. It also approved the shape of the addendum to mandate contracts, whereby the mandate term was extended by two months for the provisional Supervisory Board members.

The Shareholders' General Ordinary Assembly of the Company issued Decision 7 of 21 October 2021 approving rectification of the 2021 Revenue and Expense Budget while amending the Investment Plan established for 2021 financial year and estimations for 2022 and 2023.

- *Extending the mandates of Directorate members and appointing a provisional Supervisory Board member*

In the meeting of 21 October 2021, the Supervisory Board decided:

- Extending by two months from 25.10.2021 until 24.12.2021, but no later than the completion date of the selection procedure according to the provisions of OUG 109/2011 on the corporative governance of public enterprises, with later amendments and additions, the mandates of provisional Directorate members: Bogdan TONCESCU, Ionut-Bogdan GRECIA, Adrian MORARU, Catalin-Constantin NADOLU and Marius-Viorel STANCIU;

- Electing Mr. Bogdan TONCESCU as Directorate Chairman;

- Appointing Mr. Virgil Dumitru ORLANDEA as provisional Supervisory Board member with mandate term until 21.12.2021, but no later than the appointment date of a Supervisory Board member by the Shareholders' General Assembly.

- *Closing the loop – integrating the Bulgarian-Romanian border in the Single day-ahead markets coupling (SDAC)*

The coupling operations associated to the RO-BG border within the SDAC were successfully launched on 27 October 2021, and 28 October 2021 as first day of delivery.