

CNTEE Transelectrica SA
Company managed by two-tier system

Stand-alone Interim Simplified Financial Statements
as of and for the nine months ended
30 September 2023

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

CNTEE Transelectrica SA

Separate situation of the financial position for the nine months period ended 30 September 2023

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

	Note	30 September 2023	31 December 2022
Assets			
Non-current assets			
Tangible assets		4,112,262,222	4,001,791,825
Assets related to the usage rights of assets under leasing - buildings		15,904,479	21,868,658
Intangible assets		288,141,843	337,701,123
Financial assets		85,760,294	86,000,088
Total non-current assets	4	4,502,068,838	4,447,361,694
Current assets			
Inventories		48,512,959	42,047,194
Trade and other receivables	5	1,507,756,136	3,340,471,542
Income tax to be recovered		-	3,988,973
Other financial assets		-	-
Cash and cash equivalents	6	645,319,565	315,146,396
Total current assets		2,201,588,660	3,701,654,105
Total assets		6,703,657,498	8,149,015,799
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
- Subscribed share capital		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		146,606,284	146,606,284
Revaluation reserves		655,253,254	703,232,784
Other reserves		165,575,868	39,310,392
Retained earnings		2,398,943,667	2,196,479,419
Total shareholders' equities	7	4,149,253,045	3,868,502,851
Non-current liabilities			
Non-current deferred revenues	8	476,109,209	439,025,206
Borrowings	9	37,911,837	55,587,774
Other loans and similar liabilities - Building leasing - long term	10	8,600,538	14,754,992
Deferred tax liabilities		98,414,874	107,408,732
Employee benefit obligations		70,533,349	70,533,349
Total non-current liabilities		691,569,807	687,310,053
Current liabilities			
Trade and other liabilities	10	1,696,964,424	3,372,266,925
Other loans and similar liabilities - Building leasing - short term	10	8,600,538	8,431,424
Other taxes and social security liabilities	11	12,264,199	12,718,537
Borrowings	9	24,717,431	92,249,024
Provisions	10	63,014,241	68,174,547
Current deferred revenues	8	48,622,745	39,362,438
Payable income tax		8,651,068	-
Total current liabilities		1,862,834,646	3,593,202,895
Total liabilities		2,554,404,453	4,280,512,948
Total shareholders' equities and liabilities		6,703,657,498	8,149,015,799

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

CNTEE Transelectrica SA

Stand-alone profit and loss account for the nine months ended 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

	Note	01 July - 30 September 2023	01 July - 30 September 2022	01 January - 30 September 2023	01 January - 30 September 2022
Revenues					
Transmission revenues		479,845,838	583,355,898	1,438,902,608	1,415,905,429
System service revenues		99,149,753	127,509,184	291,900,538	379,228,945
Revenues from the balancing market		514,432,117	1,279,597,001	1,532,048,147	2,774,427,999
Other revenues		15,137,451	289,561,567	45,453,870	314,586,451
Total revenues	13	1,108,565,159	2,280,023,650	3,308,305,163	4,884,148,824
Operating expenses					
System operation expenses	14	(162,499,514)	(215,449,493)	(469,569,832)	(681,485,560)
Balancing market expenses		(514,662,899)	(1,279,728,347)	(1,531,819,945)	(2,774,593,938)
Expenses regarding technological system services	14	(131,914,004)	(108,099,635)	(362,648,636)	(338,920,113)
Amortisation	15	(84,971,431)	(65,019,997)	(252,047,422)	(193,140,247)
Personnel expenses	16	(84,546,617)	(72,308,699)	(242,557,621)	(204,258,587)
Repairs and maintenance		(28,481,707)	(37,269,749)	(72,490,660)	(78,279,341)
Materials and consumables		(2,294,189)	(3,704,764)	(5,909,240)	(9,731,667)
Other operational expenses	17	(45,767,514)	(37,911,527)	(140,596,971)	(107,307,282)
Total operating expenses		(1,055,137,875)	(1,819,492,211)	(3,077,640,327)	(4,387,716,735)
Operating revenues		53,427,284	460,531,439	230,664,836	496,432,089
Financial revenues		5,519,934	38,271,833	31,973,841	44,828,253
Financial expenses		(4,207,250)	(36,658,104)	(28,641,364)	(45,930,972)
Net financial result	18	1,312,684	1,613,729	3,332,477	(1,102,719)
Profit before income tax		54,739,968	462,145,168	233,997,313	495,329,370
Income tax	12	(9,800,198)	(72,014,353)	(27,467,364)	(77,134,653)
Profit for the time interval		44,939,770	390,130,815	206,529,949	418,194,717

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

CNTEE Transelectrica SA

Stand-alone profit and loss account for the nine months ended 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

	<u>Note</u>	<u>01 July - 30 September 2023</u>	<u>01 July - 30 September 2022</u>	<u>01 January - 30 September 2023</u>	<u>01 January - 30 September 2022</u>
Profit for the time interval		44,939,770	390,130,815	206,529,949	418,194,717
Other comprehensive result items		-	-	-	-
Total comprehensive result		44,939,770	390,130,815	206,529,949	418,194,717

The Stand-alone Interim Simplified Financial Statements presented have been signed by the Company's management on **November 2, 2023**.

DIRECTORATE,

Chairman
Ștefăniță MUNTEANU

Member
Florin-Cristian TĂTARU

Member
Cătălin-Constantin NADOLU

Member
Bogdan TONCESCU

Director Economic and Financial Directorate
Ana-Iuliana DINU

Accounting Department Manager
Georgiana-Beatrice ȘTEFAN

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

CNTEE Transelectrica SA

Stand-alone statement of changes in equity on 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

	Share capital	Share premium	Legal reserves	Revaluation reserve	Other reserves	Retained earnings	Total
Balance on 1 January 2022	733,031,420	49,842,552	137,926,619	769,348,928	31,145,250	1,633,807,204	3,355,101,973
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	514,572,741	514,572,741
Other comprehensive result items, of which:							
Recognition of actuarial gains of the defined benefit plan	-	-	-	-	-	(9,337,005)	(9,337,005)
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability ass. to revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(66,116,144)	-	66,116,144	-
Total other comprehensive result items	-	-	-	(66,116,144)	-	56,779,139	(9,337,005)
Total comprehensive result on the period	-	-	-	(66,116,144)	-	571,351,880	505,235,736
Other items							
Legal reserve indexation	-	-	8,679,665	-	-	(8,679,665)	-
Other items - decrease in reserve to increase capital	-	-	-	-	-	-	-
Total other items	-	-	8,679,665	-	-	(8,679,665)	-
Contributions from and distributions to							
Derecognition of fixed assets of a public heritage nature	-	-	-	-	-	-	-
Subsidies related to fixed assets belonging to the public domain of the State	-	-	-	-	8,165,142	-	8,165,142
Distribution of dividends	-	-	-	-	-	-	-
Total contributions from and distributions to shareholders	-	-	-	-	8,165,142	-	8,165,142
Balance on 31 December 2022	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Balance on 1 January 2023	733,031,420	49,842,552	146,606,284	703,232,784	39,310,392	2,196,479,419	3,868,502,851
Comprehensive result of the period							
Profit of the time interval	-	-	-	-	-	206,529,949	206,529,949
Other comprehensive result items, of which							
Recognition of actuarial profit / loss of the defined benefit plan	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets	-	-	-	-	-	-	-
Deferred tax liability ass. to revaluation reserve	-	-	-	-	-	-	-
Transfer of revaluation reserves into retained earnings	-	-	-	(47,979,530)	-	47,979,530	-
Total other comprehensive result items	-	-	-	(47,979,530)	-	47,979,530	-
Total comprehensive result of the interval	-	-	-	(47,979,530)	-	254,509,479	206,529,949
Other items							
Legal reserve indexation	-	-	-	-	-	-	-
Other items	-	-	-	-	-	-	-
Total other items	-	-	-	-	-	-	-
Contributions from and distributions to shareholders							
Derecognition of assets such as public domain	-	-	-	-	-	-	-
Subsidies related to assets from the state public domain	-	-	-	-	126,265,476	-	126,265,476
Dividends distribution	-	-	-	-	-	(52,045,231)	(52,045,231)
Total contributions from and distributions to shareholders	-	-	-	-	126,265,476	(52,045,231)	74,220,245
Balance on 30 September 2023	733,031,420	49,842,552	146,606,284	655,253,254	165,575,868	2,398,943,667	4,149,253,045

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

CNTEE Transelectrica SA

Stand-alone cash flow statement on 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

	9-month period concluded at 30 September 2023	The 9-month period ending on 30 September 2022
Cash flows from operational activities		
Profit of the time interval	206,529,949	418,194,717
Adjustments for:		
Income tax expense	27,467,364	77,134,653
Amortisation expense (including additional OTC)	252,047,423	193,140,247
Revenues from the production of intangible assets (including additional OTC)	(2,727,619)	(279,236,607)
Expenses on impairment allowances for trade receivables	1,309,242	1,465,363
Reversal of adjustments for impairment of trade receivables	(1,368,346)	(1,354,269)
Losses on receivables and sundry debtors	12,911	-
Net expense/revenues on impairment allowances of sundry debtors	108,104	10,184,468
Net revenues/expenses with inventory impairment allowances	(399,854)	49,938
Net profit/loss on sale of tangible assets	(951,497)	54,383
Net expenses for value adjustments regarding tangible assets	(1,627,393)	-
Net revenues relating to provisions for risks and expenses	(5,185,500)	(13,775,211)
Interest expense, interest revenues and unearned revenues from exchange rate differences	(3,402,759)	2,753,174
Cash flows before changes in current capital	471,812,025	408,610,856
Changes in:		
Clients and assimilated accounts - electricity and other activities	1,487,794,671	(819,787,388)
Clients - balancing	318,630,978	117,807,773
Clients - cogeneration	26,222,296	37,092,462
Inventories	(6,065,911)	(756,258)
Trade and other liabilities - electricity and other activities	(1,284,048,515)	820,402,265
Liabilities – balancing	(399,978,401)	(30,246,170)
Liabilities - cogeneration	496,625	(160,595,655)
Other tax and social security liabilities	(454,338)	(3,998,615)
Deferred revenues	58,174,862	(1,299,566)
Cash flows from operating activities	672,584,292	367,229,704
Interest paid	(2,382,970)	(5,548,324)
Income tax paid	(23,821,181)	-
Net cash generated from operating activities	646,380,141	361,681,380
Cash flows from investments		
Procurement of tangible and intangible assets	(293,475,121)	(294,175,276)
Exit from shareholding of SELENE CC Societe Anonyme	242,140	-
Proceeds from EC non-reimbursable financing	114,434,924	8,683,756
Earned Interest	4,061,663	1,942,368
Earned Dividends	1,984,675	1,534,971
Proceeds from the sale of tangible assets	1,771,600	156
Net cash used in investments	(170,980,119)	(282,014,025)
Cash flows used in financing		
Repayments of non-current borrowings	(17,844,838)	(17,778,385)
Usage of working capital credit line	-	75,776,569
Short-term loan repayments	(67,617,751)	-
Building leasing payments	(7,920,134)	(7,933,825)
Dividends paid	(51,844,130)	(79,792)
Net cash used in financing	(145,226,853)	49,984,567
Net growth(decrease) of cash and cash equivalents	330,173,169	129,651,922
Cash and cash equivalents on 1 January	315,146,396	252,225,142
Cash and cash equivalents at the end of the period	645,319,565	381,877,064

The accompanying notes 1-22 form an integral part of these condensed separate interim financial statements.

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

1. General information

The main activity of CNTEE Transelectrica SA ("the Company") consists in: providing electricity transmission service and system service, balancing market operator, bonus support scheme administrator, other related activities. These activities are carried out in accordance with the provisions of the operating license no. 161/2000 issued by ANRE, updated by ANRE Decision no. 1450/14.06.2023, the General Conditions associated with the license approved by ANRE Order no. 104/2014, as amended and supplemented, and the final certification of the Company as a transmission and system operator of the National Electricity System according to the ownership unbundling model by ANRE Order no. 164/07.12.2015.

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

The Stand-alone Interim Financial Statements on September 30, 2023 are unaudited.

2. Basis of preparation

a) Declaration of conformity

These Stand-alone Interim Simplified Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a full set of financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, certain explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last stand-alone annual financial statements on and for the year ended on December 31, 2022.

b) Professional reasoning and estimations

The significant reasoning used by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the stand-alone financial statements prepared for the year ended on December 31, 2022.

3. Significant accounting policies

The accounting policies applied in these Stand-alone Interim Simplified Financial Statements are the same as those applied in the Company's separate financial statements for the year ended December 31, 2022.

4. Tangible, intangible and financial assets

a) Tangible assets

The increase in the total value of tangible assets on September 30, 2023 compared to December 31, 2022 was due to the increase in the value of tangible assets in progress concurrent with the recording of depreciation of tangible assets.

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

- 400 kV d.c. Gutinaş - Smârdan OHL – 61,238,286;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV Medgidia South substation Phase II - 400 kV OHL d.c. Connections to Medgidia South substation – 34,903,922;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Reșița – 24,935,557;
- Upgrading of 220/110/20 kV Arefu Station – 22,940,700;
- Refurbishment of 220/110/20kV Baru Mare Station – 21,349,268;
- Refurbishment of 220/110 kV Filești Station – 20,995,862;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station – 17,753,526;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL – 16,198,938;
- Metering and data management system for electricity metering on the wholesale market – 11,876,727;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati expressway - 10,148,828;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 – 10,028,722;
- OHL 400 kV d.c. Cernavodă-Stâlpu and connection in Gura Ialomiței Station – 6,675,820;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești express road, section 4 – 5,468,260;

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Notes to the stand-alone interim financial statements on 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

- 220 kV OHL diversion Ampoi - Alba Iulia area – 4,074,568;
- Refurbishment of 400/110/20 kV Smârdan Station – 4,054,058;
- Motor vehicles - 4,005,700;
- Refurbishment of 400/110 kV Pelicanu Transformer Substation – 3,422,408;
- VRF/VRV air-conditioning systems for the office premises of UnO DEN located at 16-18 Hristo Botev Boulevard – 2,499,996;
- Connection to the National Transmission Network of the CEF Dănești production site, located in the area of Frăsinet, Călărași county, managed by CNTEE Transelectrica SA – 2,301,898;
 - OHL 220 kV double circuit Ostrovu Mare - RET (H.CA nr. 17/2007) – 2,274,762;
 - Connection of 400 kV Isaccea - Varna and Isaccea - Dobruja OHL to 400 kV Medgidia South Station – 2,251,757;
 - Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL – 1,952,588;
 - Upgrading of 220/110 kV Dumbrava Station – 1,521,367;
 - Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 1,483,338;
 - Connection to public interest electrical installations managed by CNTEE Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County – 1,400,227;
 - Regulation of 400 kV Gutinaș-Brașov OHL with Sf. Gheorghe bypass, km 1+100 – 1,290,586;
 - Computing - Hardware and Software - Laptop PC – 1,179,984.

In the first nine months of 2023, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **544,440,120 lei**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- OHL 400 kV d.c. Cernavodă-Stâlpu and connection in Gura Ialomiței Station – 353,677,142;
- Upgrading of 400/220/110/20 kV Munteni Station – 47,514,086;
- Upgrading of 220/110/20 kV Arefu Station – 39,674,701;
- Refurbishment of 220/110/20 kV Ungheni Station – 31,761,206;
- Upgrading of 220/110 kV Dumbrava Station – 20,977,835;
- Extension of 400 kV Cernavodă Station - Phase I+II, Replacement of 2 compensation coils, Connection of new lines – 12,500,702;
- Extension of 400 kV Gura Ialomiței Station with two cells: OHL 400 kV Cernavodă 2 and 3 – 6,792,197;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA no. 17/2007) – 4,210,199;
- Intervention poles (11 pieces) – 4,085,005;
- Motor vehicles - 4,005,700;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cells in Iernut Station and upgrading of the control command system of 400/220/110/6 kV Iernut Station – 3,279,185;
- VRF/VRV air-conditioning systems for the office premises of UnO DEN located at 16-18 Hristo Botev Boulevard – 2,499,996;
- Connection to the RET of the production site CEF Dănești, located in the area of Frăsinet, Călărași County, managed by CNTEE Transelectrica SA – 2,355,243;
- 110 kV, 220 kV and 400 kV mobile switchgear - 1,991,064;
- Replacement of circuit breakers in electrical substations - Phase II - 1,357,562;
- Regulation of 400 kV Gutinaș-Brașov OHL with Sf. Gheorghe bypass, km 1+100 – 1,290,586;
- Computing - Hardware and Software - Laptop PC – 1,179,984;
- Metering and data management system for electricity metering on the wholesale market - 817,830;
- Upgrading of 220/110/20 kV Vetis Station - primary equipment – 563,503;
- Coexistence between the 220 kV single circuit OHL Cluj Florești - Alba Iulia and the Sebeș - Turda Motorway, Lot 2 km 17+000 - km 41+250 – 553,000;
- Professional air conditioners for power supply rooms, telecommunications rooms and control rooms in Bacău, Cluj, Craiova and Timișoara DETs – 513,156;
- Completion of the communications infrastructure required to operate the Company's private cloud hardware structure to ensure the implementation and operation of the new Balancing Market platform - DAMAS - 414,750;
- Replacement of batteries 1 and 2 - 220 V DC 600 AH in the 400/220 kV Brazi West Station – 405,731;
- Remedy accidental event on the 400 kV Constanta North - Tariverde 400 kV line, terminal 81, by installing a PAS-U 400 pole – 277,165;
- Air conditioners in the electro supply room of UnO DEN located at 16-18 Hristo Botev Boulevard – 241,880;
- 220 V accumulator battery for 220/110/20 kV Florești Station – 211,770;
- Relocation of 400 KV high voltage electrical network related to the investment Widening to 4 lanes of the road belt of South Bucharest between A2 KM 23+600 and A1 KM 55+520 - Lot 1 - CB-DN 4 (Oltenița) KM 29+500-KM 33+190 – 199,446;

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Notes to the stand-alone interim financial statements on 30 September 2023

(All amounts are expressed in LEI unless otherwise provided)

- 220 V accumulator battery for 220/110 kV Tihău Station – 196,821;
- Purchase and installation of air-conditioning units in UTT Sibiu facilities – 193,605;
- Collection of rainwater passing through the oil separators of the 400/220/110/20 kV Bradu Station – 183,306;
- Communication network separation equipment - 134,787.

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

The balance of **tangible assets in progress** as at September 30, 2023, amounting to **809,281,541 lei**, is represented by projects in progress, the most significant of which are listed below:

- 400 kV d.c. Gutinaș - Smârdan OHL – 187,679,111;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Reșița – 140,515,763;
- Connection of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca Station – 46,884,983;
- Refurbishment of 220/110/20kV Baru Mare Station – 42,192,957;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timisoara - Sacălaz - Arad axis - Phase I - 400/220/110 kV Resita Station – 38,370,630;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV Medgidia South substation Phase II - 400 kV OHL d.c. Connections to Medgidia South substation – 37,200,956;
- Increasing the transmission capacity of the 220kV Ștejaru - Gheorgheni - Fântânele OHL – 32,590,598;
- Refurbishment of 400/110/20 kV Smârdan Station – 32,055,343;
- Upgrading of 220/110/20 kV Arefu Station – 26,733,686;
- Refurbishment of 220/110 kV Filești Station – 25,948,229;
- Refurbishment of 110 kV Medgidia South Station – 13,763,833;
- Metering and data management system for electricity metering on the wholesale market - 13,687,140;
- Extension of 400 kV Gura Ialomiței Station with two cells: OHL 400 kV Cernavodă 2 and 3 – 12,532,423;
- Relocation of 220 Kv and 400kV networks for the construction of the Braila-Galati express road – 10,148,828;
- Relocation of 220 kV networks for Bucharest Ring Road km 0+000 - km 100+900 – 10,028,722;
- 400 kV Stâlpu station – 9,420,638;
- 110 kV, 220 kV and 400 kV mobile switchgear - 9,289,699;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 9,286,698;
- Refurbishment of the 110 kV Timisoara station and the transition to 400 kV voltage of the Porțile de Fier - Anina - Reșița - Timisoara - Săcălaz - Arad axis, stage II: 400 kV Timisoara station – 8,900,950;
- 400 kV Gădălin - Suceava OHL, including interconnection to SEN (H.CA no. 7 / 08.07.2010) – 8,524,388;
- 220 kV OHL diversion Ampoi - Alba Iulia area – 7,504,528;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești expressway, section 4 – 5,468,260;
- Refurbishment of the 400/110 kV Pelicanu transformer substation – 5,357,204;
- Site clearance and coexistence conditions between the objective "Suspension bridge over the Danube in the Braila area" belonging to CNAIR SA and the electricity networks managed by CNTEE Transelectrica SA – 4,911,246;
- Integrated security system at power stations, phase IV – 4,816,604;
- Installation of AT2 400 MVA, 400/231/22 kV as well as related cells in Iernut Station and upgrading of the control system of 400/220/110/6 kV Iernut Station – 4,693,150;
- Upgrading of 110 kV and 400 (220 kV) installations at Focșani West Station - 4,510,369;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439,120;
- 220 kV double circuit Ostrovu Mare OHL - RET (H.CA no. 17/2007) – 3,720,589;
- Connection of 400 kV Isaccea - Varna and Isaccea - Dobrudja OHL to 400 kV Medgidia South Station – 3,529,746;
- Switching to 400 kV voltage of the Porțile de Fier - Resita - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Resita - Timișoara - Săcălaz – 3,489,984;
- Extension with new functionalities of the computerized access control and record-keeping system for CNTEE Transelectrica SA objectives – 3,200,918;

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- Connection to the RET of CEE 136 MW Platonesti, Ialomita County, by building a 110 kV cell in the 400/110 kV Gura Ialomiței substation – 2,889,337;
- Integrated security system at power stations, stage III (H.CA no. 2/2008) – 2,798,024;
- Pilot Project - Upgrading of 220/110/20 kV Alba Iulia Station to a digital station concept – 2,621,479;
- 110 kV Cetate 1 and 2 OHL diversion in the vicinity of 110/20/6 kV Ostrovul Mare Station – 2,578,438;
- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by building a 110 kV line cell in the 220/110 kV FAI power station – 2,545,853;
- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL -1,952,588;
- Centre for research and development of live working technologies (LST) and rapid intervention in SEN - phase II – 1,533,905;
- Provisional works for the 220kV Lacu Sărat-Filești OHL, in order to ensure the conditions for the execution of the relocation of utilities, by clearing the site and achieving coexistence conditions between "Suspension Bridge over the Danube in the Braila area – 1,528,380;
- Increasing the operational reliability of the Argeș-Vâlcea grid area, construction of the 400 kV Arefu Station and installation of a 400 MVA, 400/220 kV HV – 1,416,776;
- Connection to public interest electrical installations managed by CNTEE Transelectrica SA, in the 220/110/20 kV Vetis Station, of the production site CEF Satu Mare 1 (65.018 MW), located in Satu Mare, Satu Mare County – 1,400,227;
- Integrated security system at the new (400) 220/110 kV Bank Power Station – 1,133,202.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets in progress** on September 30, 2023, amounting to **9,481,397 lei**, is represented by projects in progress, the most significant of which are listed below:

- Replacement of hardware components, upgrade and development of specific applications of the Balancing Market Platform - II DAMAS, Component Purchase of migration services and upgrade of specific applications of the Balancing Market – 7,607,441;
- MARI platform development – 1,467,395;
- PICASSO platform development - 375,863;
- Metering and data management system for electricity metering on the wholesale market – 30,699.

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

- GE License - Software module for capacity calculations based on energy flows – 247,400;
- UTP License – 29,901.

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

Intangible assets - Additional OTC

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

For the year 2022, the Company has recorded an intangible asset in the amount of 338,526,677 representing additional OTC calculated as the difference between the net OTC procurement cost and the OTC cost included in the regulatory tariff. Related to this capitalisation, as at September 30, 2023, an depreciation expense of 64,766,374 is calculated.

In the third quarter of 2023, an amount of 2,727,619 was capitalised representing additional costs for the purchase of electricity to cover own technological consumption over the cost recognised in the tariff.

As at September 30, 2023, the carrying amount of the intangible asset resulting from the capitalisation of the additional OTC is 276,487,922.

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The balance of financial assets as at September 30, 2023, amounting to 85,760,294, is mainly represented by:

- the net value of shares held by the Company (81,503,833);
- securities for the temporary occupation of the land, calculated and retained in accordance with Article 39(2) of Regulation (EC) No. (1), par. (2) and par. (5) of the Law no. 46/2008 on the Forestry Code, for carrying out the investment objective of the 400 kV Reșița - Pancevo (Serbia) line in the amount of 4,254,115.

In the current year, the value of financial assets decreased mainly due to the sale of shares held by the Company in SOUTHEAST ELECTRICITY NETWORK COORDINATION CENTER (SEleNe CC) SOCIETE ANONYME, at the same time as the receipt of the consideration of 242,140.

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

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

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

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

Assets relating to the usage rights of assets under leasing - buildings, represent the right of use of the premises leased by the Company in the Platinum office building, in accordance with IFRS 16 - Leases.

Contract No C232 entered into force on 01.10.2020, valid for a period of 5 years, is worth € 9,000,000 (excluding VAT).

As at September 30, 2023, the accounting value of the right of use of the premises leased by the Company in the Platinum office building is in the amount of 15,904,479 lei.

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

5. Trade and other receivables

At September 30, 2023 and December 31, 2022, trade and other receivables are as follows:

	30 September 2023	31 December 2022
Trade receivables	1,291,434,954	2,393,921,184
Other receivables	135,701,850	166,861,679
Down payments to suppliers	115,703,056	697,015,521
Receivable VAT	174,108,137	291,841,166
Impairment allowances for doubtful receivables	(132,778,060)	(132,837,163)
Impairment allowances for other doubtful receivables	(76,413,801)	(76,330,845)
Total trade and other receivables	1,507,756,136	3,340,471,542

The structure of trade receivables is as follows:

	30 September 2023	31 December 2022
Customers in the electricity market, of which:	1,289,268,996	2,392,070,692
- <i>clients - operational activity</i>	938,521,840	1,696,470,262
- <i>customers - balancing market</i>	245,476,314	564,107,291
- <i>customers - bonus type support scheme to promote high efficiency cogeneration</i>	105,270,842	131,493,139
Customers from other activities	2,165,958	1,850,492
Total trade receivables	1,291,434,954	2,393,921,184

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• CNTEE Transelectrica SA carries out its operational activity on the basis of the Operating Licence no. 161/2000 issued by ANRE, updated by the Decision of the President of ANRE no. 1450/14.06.2023, for the provision of the electricity transmission service, for the provision of the system service and for the administration of the balancing market.

As of September 30, 2023, outstanding clients from operating activities show a decrease compared to December 31, 2022 mainly due to lower energy consumption in the third quarter of 2023 compared to the same period of 2022.

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

The main clients in total trade receivables are represented by MAVIR, OPCOM, IBEX, Electrica Furnizare SA, RAAN, Hidroelectrica, JAO, Ciga Energy SA, Cinta Energy SA, Enel Energie SA. Their share is 64.49% of total trade receivables.

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

As at September 30, 2023, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration of approximately 8% (5% as at December 31, 2022) of total trade receivables.

Customers in the bonus-type support scheme for the promotion of high-efficiency cogeneration show a decrease in receivables on September 30, 2023, mainly due to a decrease in the amount invoiced for the collection of the monthly contribution.

As of September 30, 2023, the Company records receivables in the amount of 105,270,842, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN - 63,467,054 and CET Govora SA - 13,235,086;
- undue bonus for 2014 in the amount of 3,914,960, respectively from RAAN - 1,981,235, CET Govora - 1,933,725;
- undue bonus for 2015 in the amount of 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- undue bonus for 2020 in the amount of 522,181 from Donau Chem;
- uncollected contribution for cogeneration from electricity consumers suppliers, in the amount of 13,975,792, respectively from: Transenergo Com – 5,882,073, Petprod – 4,391,193, Romenergy Industry – 2,680,620, RAAN – 2,385,922, UGM Energy – 1,504,046, CET Govora – 900,864, KDF Energy – 732,432 and others.

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

In order to settle claims arising from overcompensation and undue bonuses in previous years, the Company has requested reciprocal compensations from producers who qualify for the support scheme. For producers (RAAN, CET Govora) who did not agree with this method of extinguishing reciprocal claims and debts, the Company applied and still applies the provisions of Art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on the establishment of the method of collection of the contribution for high-efficiency cogeneration and payment of the bonus for electricity produced in high-efficiency cogeneration: *"if the producer has not paid in full to the support scheme administrator the payment obligations resulting from the provisions of this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations relating to the support scheme, with explicit mention on the payment document of the respective amounts"* and withheld from payment the amounts relating to the support scheme due.

• File 9089/101/2013/a140 was registered on the docket of Mehedinti Tribunal - Second Civil Division, Administrative and Tax Section, pertaining to "claims in the amount of 86,513,431", case in which the Company is the claimant, the defendant is the **Autonomous Regia for Nuclear Activities - RAAN**.

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

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

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

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

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

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

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

Under RAAN's bankruptcy file registered under number 9089/101/2013 Mehedinti Tribunal deferred the case on the terms 08.10.2020 and 04.02.2021. Settlement in brief: term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' table, to continue measures in view of recovering receivables and further public bids in order to 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 case is adjourned to 10.02.2022, the summary decision being: for the conduct of the procedure, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI" and the next hearing is set for 02.06.2022.

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

At the hearing of 15.10.2023, the case was postponed again and a new term was set for **18.01.2024**.

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

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

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

Beginning with 9 May 2016 the general insolvency procedure was initiated for CET Govora. In view of recovering the receivables accrued before opening the insolvency procedure the Company followed the specific procedures specified by the Insolvency Law 85/2014 and requested the court to admit its receivables, as per legal provisions. Taking into account the above, beginning with 9 May

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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 Bucharest Court of Appeal, pertaining to cancelling ANRE decision 738/28.03.2014.

On 18.07.2018 Valcea Tribunal pronounced the following settlement:

- It confirmed the 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.

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

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

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

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

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

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

Other claims

As of September 30, 2023, other receivables in the amount of 135,701,850 mainly include:

- sundry debtors (**107,309,117**), of which:
 - late payment penalties calculated on defaulting clients, amounting to 85,684,153 (of which 35,350,970 are penalties related to the support scheme). The highest late payment penalties were recorded by the following customers: RAAN (16,901,449), Romelectro (13,423,140), CET Govora (9,606,504), Electrocentrale București (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,655), OPCOM (3,291,382), Total Electric Oltenia (3,288,967), Electromontaj SA (2,738,705), Multiservice G&G (2,162,468). Impairment allowances were recorded for penalties calculated for late payment of receivables from operating activities;
 - compensation owed by suppliers for non-delivery of electricity: Arelco Power (987,555), Enol Grup (2,541,312) and Next Energy Partners (8,395,132). Impairment allowances have been recorded for compensation due from suppliers in operating activities;
 - receivable from OPCOM representing VAT on the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- pre-booked expenses amounting to **5,824,298** mainly represented by: domestic and international dues (1,769,125), ANRE annual contribution for 2023 (1,211,216), taxes and duties for 2023 (1,062,679), rent and maintenance of office building (745,155), insurance policies (682,401) and others;
- other social claims amounting to **1,525,067** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance House, in accordance with the legislation in force.

Down payments to suppliers

As at September 30, 2023, advances paid to suppliers are represented by suppliers debtors for services in the amount of **115,703,056** and mainly represent amounts from transactions related to the price coupling mechanism (ICP - *Interim Coupling Project*, SIDC - *Single Intraday Coupling* and SDAC - *Single Day-ahead Coupling*) (100,764,027 - for ICP and SDAC and 13,250,524- for SIDC).

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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 electricity transacted between OPCOM SA and MAVIR.

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

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

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

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

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

The launch of Flow Based Market Coupling in the Core region on 08 June 2022 represented the transition from the ICP - *Interim Coupling Project* coupling mechanism to FBMC - *Flow Based Market Coupling*, optimising the European electricity market for 13 countries: Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

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

VAT to be recovered

VAT to be recovered (174,108,137) - amount related to the VAT statements for the period June - September 2023 and October 2020. Up to the date of preparation of this report, the Company has collected from the State the amount of 55,498,155 representing the value added tax claimed for refund for June 2023.

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

Transelectrica's policy is to record impairment allowances for loss of value in the amount of 100% for customers in litigation, insolvency and bankruptcy and 100% of trade and other receivables not collected within a period of more than 180 days, excluding outstanding receivables arising from the support scheme. The Company also carries out an individual analysis of trade and other receivables outstanding.

The highest impairment allowances at September 30, 2023, calculated for trade receivables and related penalties, were recorded for CET Govora (24,992,184), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Romelectro SA (13,428,944), Elsaco Energy (9,276,118), RAAN (8,516,707), Next Energy Partners SRL (8,395,132).

The Company has taken all legal steps for the recovery of impairment adjusted receivables: initial notification, execution of guarantees, legal action, registration in the creditor's list, etc.

6. Cash and cash equivalents

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

As at September 30, 2023 and December 31, 2022, cash and cash equivalents are as follows:

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(All amounts are expressed in LEI unless otherwise provided)

	30 September 2023	31 December 2022
1. Current bank accounts and deposits with original maturities of up to 90 days, of which:	645,122,352	315,060,175
a) current bank accounts and deposits with initial maturities of up to 90 days of current activity	160,654,243	162,387,615
b) current bank accounts and deposits with original maturities of up to 90 days restricted, of which:	484,468,109	152,672,560
- cash and deposits from high efficiency cogeneration	329,226,359	96,436,261
- cash and deposits from interconnection capacity allocation revenues used for network investment	44,583,602	444,471
- cash from the connection fee	65,042,304	21,723,989
- European funds	10,250,185	24,774
- other restricted accounts (securities for the electricity market and dividends)	35,365,659	34,043,065
2. Cash	118,604	86,221
3. Other cash equivalents	78,609	-
Total	645,319,565	315,146,396

7. Shareholders' equity

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 September 30, 2023, the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the General Secretariat of the Government which holds 43,020,309 shares (58.69%), NN Group NV with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other shareholders legal entities with 16,181,582 shares (22.07%) and other shareholders physical entities with 5,339,996 shares (7.28%).

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

The shareholding structure on September 30, 2023 and December 31, 2022 is as follows:

Shareholder	30 September 2023		31 December 2022	
	Number of shares	% of share capital	Number of shares	% of share capital
The Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal entity shareholders	16,181,582	22.07%	16,006,932	21.83%
PAVAL HOLDING	4,753,567	6.49%	4,753,567	6.49%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,339,996	7.28%	5,514,646	7.52%
Total	73,303,142	100.00%	73,303,142	100.00%

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The increase in shareholders' equity as at 30 September 2023 compared to December 31, 2022 was mainly due to the recognition in retained earnings of net profit in the amount of 206,529,949 achieved as at September 30, 2023.

8. Deferred revenues

Advance revenues are mainly represented by: connection charges, other investment subsidies, non-reimbursable European funds received from the Ministry of European Funds and revenues from the use of interconnection capacity.

As at September 30, 2023, the deferred **revenues** situation is as follows:

	30 September 2023	Of which: current part at 30.09.2023	31 December 2022	Of which: current part at 31.12.2022
Deferred revenues - allocation of interconnection capacities	26,704,706	26,704,706	16,226,643	16,226,643
Prepaid revenues - European funds	1,059,145	1,059,145	1,477,186	1,477,186
Funds from the connection fee	308,836,284	14,129,382	256,399,191	14,761,502
European Funds	166,473,447	5,785,717	181,971,805	2,884,160
Other subsidies	21,658,372	943,795	22,312,819	4,012,947
Total	524,731,954	48,622,745	478,387,644	39,362,438

The evolution of **current deferred revenues** from January to September 2023 is presented as follows:

	30 September 2023	31 December 2022
Balance at beginning of period	39,362,438	31,581,188
Deferred proceeds rel. to the interconnection capacities	180,956,586	115,265,573
Proceeds from European funds	253,170	680,053
Transfer from non-current deferred revenues	(799,716)	(196,896)
Revenues from the use of interconnection capacities	(170,478,522)	(106,688,196)
Revenues from European funds	(671,211)	(1,279,284)
Total	48,622,745	39,362,438

The evolution of **non-current deferred revenues** from January to September 2023 is presented as follows:

	30 September 2023	31 December 2022
Balance at beginning of the time interval	439,025,206	443,434,048
Connection subsidies	189,750,410	3,144,808
Non-returnable funds	(10,877,186)	(9,585,879)
Non-returnable funds to repay	-	-
Transfer into current deferred revenues	(125,465,761)	27,533,794
Resuming subsidies into revenues	(16,323,461)	(25,501,565)
Total	476,109,209	439,025,206

9. Borrowings● *Non-current borrowings*

As of September 30, 2023, the amount of non-current borrowings decreased compared to December 31, 2022 mainly due to repayments under existing loan agreements.

Movements in borrowings during the nine months ended September 30, 2023 are as follows:

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	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2023			79,443,827	
New drawings			-	
Repayments, of which:			(17,844,838)	
EIB 25709	EUR	3,596%	(11,869,964)	10-Sep-2025
EIB 25710	EUR	3,856%+2,847%	(5,974,874)	11-Apr-2028
Exchange rate differences on repayment date			300,058	
Balance at 30 September 2023			61,899,047	

As at September 30, 2023 and December 31, 2022, the balances of non-current borrowings from credit institutions were as follows:

Description	30 September 2023	31 December 2022
EIB 25709	23,951,778	35,731,223
EIB 25710	37,947,269	43,712,604
Total non-current borrowings from credit institutions, of which:	61,899,047	79,443,827
Current part of non-current loans	(23,987,210)	(23,856,053)
Total non-current borrowings, net of current instalments	37,911,837	55,587,774

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

	30 September 2023	31 December 2022
Between 1 and 2 years	23,987,210	23,856,053
Between 2 and 5 years	13,924,627	31,256,010
Over 5 years	-	475,711
Total	37,911,837	55,587,774

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

All non-current loans outstanding at 30.09.2023 bear fixed interest rate.

● *Current borrowings*

Current borrowings are detailed as follows:

	30 September 2023	31 December 2022
Current part of non-current borrowings	23,987,210	23,856,053
Current bank loan	-	67,617,751
Interest associated to current and non-current borrowings	730,221	775,220
Total current borrowings	24,717,431	92,249,024

● *Borrowings taken for current activity*

On 30.03.2022, Transelectrica entered into credit agreement no. **C624 with Banca Comercială Română** for a period of 12 months for the financing of the bonus support scheme for high efficiency cogeneration, in the form of an overdraft, in the amount of 175,000,000, with an interest rate calculated according to the ROBOR 1M reference rate, plus a margin of 0% and a commission of 0.088%.

The credit line is guaranteed by:

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

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

As of September 30, 2023, the line of credit is undrawn.

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

The credit agreement in the amount of 200 million lei has the following structure:

- MDL 175 million - revolving credit line used to cover temporary working capital needs for the timely payment of the Company's outstanding liabilities, with a 12-month drawdown period until 09.03.2023;
- 25 million lei in the form of a ceiling for issuing bank guarantee letters, with a letter issuing period of 12 months, until 09.03.2023 and a letter validity of 24 months.

On 09.05.2022, Transelectrica concluded the Addendum No. 1 to the credit agreement No. C588 concluded with Banca Transilvania, extending the validity of the use of the credit line to 24 months (use of the credit line until 08.03.2024).

On 16.06.2022, Transelectrica entered into Addendum No. 2 to the credit agreement No. C588 with Banca Transilvania, increasing the ceiling for issuing bank letters of guarantee from RON 25 million to RON 40 million (ceiling use until 09.03.2023).

The credit line is guaranteed by:

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

On 19.04.2023, Transelectrica entered into the Addendum No. 3 to the credit agreement No. C588 concluded with Banca Transilvania, regarding the amendment of the guarantee contracts.

As of September 30, 2023, the line of credit is undrawn.

10. Trade and other liabilities

As at September 30, 2023 and December 31, 2022, trade and other liabilities are as follows:

	30 September 2023	31 December 2022
Suppliers on the electricity market	845,076,990	1,956,548,071
Suppliers of assets	116,797,512	138,804,943
Suppliers of other activities	65,119,940	55,020,130
Amounts owed to employees	10,408,798	9,111,008
Other liabilities	676,762,260	1,235,969,189
Total	1,714,165,500	3,395,453,341

As at September 30, 2023 and December 31, 2022, the outstanding liabilities on the energy market amounting to 845,076,990 and 1,956,548,071 respectively, have the following structure:

	30 September 2023	31 December 2022
Suppliers on the electricity market, of which:		
- suppliers - operational activity	624,913,563	1,336,902,867
- suppliers - balancing market	183,119,355	583,097,756
- suppliers - bonus type support scheme for promotion of high-efficiency cogeneration	37,044,072	36,547,448
Total	845,076,990	1,956,548,071

The suppliers on the electricity market are mainly represented by OPCOM, MAVIR, IBEX, Hidroelectrica SA, Joint Allocation Office, S Complexul energetic Oltenia SA, CIGA Energy SA, Electrica Furnizare SA, CINTA Energy SA, Engie Romania. On September 30, 2023, their share of total energy suppliers is 95.08%.

The decrease in the liability balance for operational activities was mainly determined by the payment at maturity in 2023 of the payment obligations outstanding as at December 31, 2022, mainly resulting from the coupling of electricity markets.

The decrease in the balance of "Balancing market liabilities" was due to a decrease in the volume of transactions recorded on the balancing market in Q3 2023 compared to Q4 2022.

The decrease in "support scheme liabilities" to suppliers (producers) was due to the decrease in the monthly bonus for high efficiency cogeneration from September 2023 to December 2022.

As of September 30, 2023, there are payment obligations to suppliers (producers) in the amount of 27,120,145 (RAAN - 23,751,179 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

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withheld from payment according to article 17 para 5 of Order 116/2013 of ANRE President, because suppliers (producers) registered payment liabilities to the Company under the bonus type support scheme.

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

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

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

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 decrease in the balance of **"asset suppliers"** as at September 30, 2023 compared to December 31, 2022 was due to payments reaching maturity.

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

As at September 30, 2023, the Company did not register outstanding liabilities to suppliers (state budget, local budget or other public institutions).

The liability structure under **"other liabilities"** is as follows:

	30 September 2023	31 December 2022
Sundry creditors	402,843,537	389,852,540
Client - creditors	199,750,866	770,851,018
Dividends to pay	349,433	148,332
Liabilities - Current building leasing	8,600,538	8,431,424
Liabilities - Non-current building leasing	8,600,538	14,754,992
Other liabilities	56,617,348	51,930,883
Total	676,762,260	1,235,969,189

- "Sundry creditors", amounting to **402,843,537** as at September 30, 2023, mainly represent:

- the net position of the support scheme for high efficiency cogeneration, a liability position amounting to 386,056,788.

The net position of the support scheme 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

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high efficiency cogeneration that are beneficiaries of the support scheme on the other hand

- 13,916,610 solution study contracts for connection to the RET,
- 1,589,116 royalty quarter III 2023 and others.
- "Client creditors" as at September 30, 2023 total **199,750,866**, of which 198,298,058 represent amounts received in advance in transactions related to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from MAVIR (100,217,914.35), OPCOM (73,055,713), IBEX (24,993,414) and JAO (31,017).
- As at September 30, 2023, the unpaid dividends owed to the Company's shareholders amounted to **349,433**. Such amounts are at the shareholders' disposal by means of the payment agent.
- As at September 30, 2023, the **liability for assets related to the usage rights of leased assets - buildings**, in accordance with IFRS 16 - Leases, amounts to 17,201,076, of which:
 - Current liability: 8,600,538
 - Non-current liability: 8,600,538.
- "Other liabilities", amounting to **56,617,348**, are mainly represented by the payment bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 36,429,189 and non-demandable VAT during the reporting period in the amount of 19,907,283 and others.

Provisions

As at September 30, 2023 and December 31, 2022, the provision situation is as follows:

	30 September 2023	31 December 2022
Provisions for disputes	24,677,889	24,677,889
Provisions for mandate contracts	38,088,138	43,338,686
Other provisions	248,214	157,972
TOTAL	63,014,241	68,174,547

Provisions for disputes found on balance at 30.09.2023, amounting to 24,677,889, are mainly represented by provisions for the following disputes:

- *File No. 1 36755/3/2018 - Claimant Conaid Company SRL (17,216,093)* - more details on this file are provided in Note 19 - Disputes and Contingencies.
- *File No 15561/3/2022 - Claimant SMART SA (4,467,108)* - more details on this file are given in Note 19 - Disputes and Contingencies.
- *File No 3083/3/2020 - Claimant NUCLEARELECTRICA SA (1.472.785)*

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

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

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

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

"Provisions for mandate contracts" in the amount of 38,088,138, as of September 30, 2023, represent:

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

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"Other provisions" in the amount of 248,214 represent unused holiday leave and electricity for pensioners.

11. Other taxes and social security liabilities

As at September 30, 2023 and December 31, 2022, other taxes and social security liabilities comprise:

	30 September 2023	31 December 2022
Contribution to social security funds	9,442,283	9,906,838
Salary tax	1,811,809	1,808,335
Other payable taxes	1,010,107	1,003,364
Total	12,264,199	12,718,537

As of September 30, 2023, the Company registered payment liabilities for the contributions to social security funds, salary tax and other taxes, which were due and paid in October 2023.

12. Income tax

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

The income tax expense for the third quarter of 2023 and the third quarter of 2022, as well as the income tax expense as of September 30, 2023 and September 30, 2022, is presented as follows:

	Q3 2023	Q3 2022	30 September 2023	30 September 2022
Current income tax	12,413,495	74,778,169	36,461,222	82,974,307
Deferred income tax	(2,613,297)	(2,763,816)	(8,993,858)	(5,839,654)
Total	9,800,198	72,014,353	27,467,364	77,134,653

13. Operating revenues**Period 01 July 2023 - 30 September 2023 compared to the period 01 July 2022 - 30 September 2022**

Operating revenues include revenues from the provision by the Company of transmission and system services in the electricity market, allocation of interconnection capacity, balancing market operation services and other revenues.

The tariffs approved by ANRE for services provided on the electricity market for the third quarter of 2023 and the third quarter of 2022 are as follows:

	Average tariff of transmission services	Tariff for system services
Order No 67/25.05.2023 for the period 1 July to 30 September 2023		6.64 ^{*)}
Order No 28/29.03.2023 for the period 01 July - 30 September 2023	31.20 ^{**)}	
Order No 33/23.03.2022 for the period 01 July - 30 September 2022	28.10	9.32

^{*)} The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast on which the approval of the tariff was based, which came into force on 1 January 2023, in accordance with the provisions of the regulatory framework issued by ANRE;

^{**)} The tariff for the transmission service of 31.20 lei/MWh, in force as of 1 April 2023, includes the main component of 28.61 lei/MWh and the component related to additional costs with CPT of 2.59 lei/MWh (ANRE Order no. 28/2023).

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

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

	Q3 2023	Q3 2022
Quantity of electricity delivered to consumers (MWh)	12,470,293	12,593,323

The operating revenue earned in the third quarter of 2023 and the third quarter of 2022 is as follows:

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	Trim. III 2023	Trim. III 2022
Transmission revenues	389,754,574	351,210,379
Revenue from the allocation of interconnection capacities	73,630,602	188,037,738
Revenue from reactive electricity	383,921	75,871
Inter TSO Compensation (ITC) revenues	7,524,394	856,686
OTC transaction revenues	8,552,347	43,175,224
Transmission revenues – total	479,845,838	583,355,898
Revenues from technological system services	83,407,666	117,793,476
Revenue from unplanned/planned exchanges	-	102,972
Revenue from emergency aid	15,742,087	9,612,736
Revenue from system services - total	99,149,753	127,509,184
Revenues on the balancing market	514,432,117	1,279,597,001
Revenues from other services and other operational revenues	12,409,832	10,324,960
Revenue from capitalisation of OTC	2,727,619	279,236,607
Other revenues - total	15,137,451	289,561,567
Total revenues	1,108,565,159	2,280,023,650

Revenue from transmission services

Revenues from transmission service increased in the third quarter of 2023 compared to the third quarter of 2022 by 38,544,195, due to the increase in the average tariff for transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above), while the quantity of electricity delivered to consumers decreased by 0.98%, i.e. by 123,030 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacity decreased in Q3 2023 compared to Q3 2022 by 114,407,136, corresponding to the level of utilisation of available interconnection capacity by traders in the electricity market.

The market for the allocation of interconnection capacity is fluctuating, with prices changing according to demand and the need for electricity market participants to acquire interconnection capacity. Thus, the decrease during the period under review was influenced by the supply and demand pricing model. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.

Inter TSO Compensation (ITC) revenues

In the third quarter of 2023, the revenue recorded as a result of the application of the ITC Mechanism increased by 6,667,708 compared to the third quarter of 2022. These revenues mainly come from scheduled electricity exchanges with perimeter countries (countries not part of the ITC Mechanism), i.e. Ukraine and Moldova. Starting from 15.06.2023, the tariff for exchanges with perimeter countries changed from 1.2 EUR/MWh to 3 EUR/MWh, which led to an increase in revenues compared to the same period last year.

Exceptionally, due to the electricity flows transited in all countries participating in the mechanism, from the settlement received for June 2023, revenues of approximately EUR 1,031,634 (RON 5,137,535) were estimated to be registered in September 2023.

Revenues from OTC transactions

Energy trading revenues for OTC were mainly derived from the sale of excess electricity, resulting as the difference between the long and medium term forecast and the short term forecast on the Intraday Market administered by OPCOM and as the difference between forecast OTC and actual realized OTC on the Balancing Market, respectively. These revenues were lower in Q3 2023 compared to Q3 2022 by 34,622,877.

In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required OTC was acquired on the long-term markets through the Central Electricity Purchasing Mechanism (CEPA) and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals. Transactions on the Balancing Market were also lower than in the previous year.

Revenues from technological system services

Revenues from technological system services decreased in the third quarter of 2023 compared to the third quarter of 2022 by 34,385,810, due both to the decrease in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period under review, presented above) and to the reduction in the quantity of electricity delivered to consumers by 0.98%, i.e. by 123,030 MWh.

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Revenues from emergency aid

In the third quarter of 2023, revenue from emergency aids was in the amount of 15,742,087. The emergency aid was granted to Ukraine, due to the damage to the energy infrastructure in that country as a result of armed conflicts, and to the Republic of Moldova, due to the non-purchase of energy to cover consumption, as a result of high prices on the electricity market (PZU).

Revenue on the balancing market

Revenues on the balancing market decreased significantly in Q3 2023 compared to Q3 2022, by 765,164,884, mainly due to the following:

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

Period 01 January 2023 - 30 September 2023 compared to period 01 January 2022 - 30 September 2022

The tariffs approved by ANRE for the services provided on the electricity market during the periods under review are:

	Average fare for transport service	Tariff for system service
Order No 67/25.05.2023 for the period 01 June - 30 September 2023		6.64 ^{*)}
Order No 144/21.12.2022 for the period 01 January - 31 May 2023		7.73
Order No 28/29.03.2023 for the period 01 April - 30 September 2023	31.20 ^{**)}	
Order No 33/23.03.2022 for the period 01 January - 31 March 2023	28.10	
Order No 33/23.03.2022 for the period 01 April - 30 September 2022	28.10	9.32
Order No 124/25.11.2021 for the period 01 January - 31 March 2022	23.96	9.32

^{*)} The change in the value of the tariff was determined by the application of the mechanism for correcting significant deviations from the forecast that was the basis for the approval of the tariff that came into force on 1 January 2023, in accordance with the provisions of the regulatory framework issued by ANRE;

^{**)} The tariff for the transmission service of 31.20 lei/MWh, in force as of 1 April 2023, includes the main component of 28.61 lei/MWh and the component related to additional costs with CPT of 2.59 lei/MWh (ANRE Order no. 28/2023).

The quantity of electricity delivered to consumers between 1 January 2023 and 30 September 2023 and between 1 January 2022 and 30 September 2022 respectively is as follows:

	01 January - 30 September 2023	01 January - 30 September 2022
Quantity of electricity delivered to consumers (MWh)	37,441,512	39,496,587

The operating revenues for the period from 1 January 2023 to 30 September 2023 and from 1 January 2022 to 30 September 2022 are as follows:

	01 January - 30 September 2023	01 January - 30 September 2022
Revenue from transmission service	1,137,261,930	1,045,012,939
Revenue from the allocation of interconnection capacities	254,549,436	314,618,144
Revenue from reactive energy	7,625,600	808,247
Inter TSO Compensation (ITC) revenues	9,507,217	1,091,869

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	01 January - 30 September 2023	01 January - 30 September 2022
Revenues from OTC transactions	29,958,425	54,374,230
Revenue from transmission service - total	1,438,902,608	1,415,905,429
Revenues from technological system services	272,604,969	369,468,715
Revenues from unplanned/planned exchanges	-	147,494
Revenues from emergency aid	19,295,569	9,612,736
Revenue from system services - total	291,900,538	379,228,945
Revenue on the balancing market	1,532,048,147	2,774,427,999
Revenues from other services and other operational revenues	42,726,251	35,349,844
Revenues from capitalisation of CPT	2,727,619	279,236,607
Other revenues - total	45,453,870	314,586,451
Total revenues	3,308,305,163	4,884,148,824

Revenue from transmission service

Revenues from the transmission service increased in the period January-September 2023 compared to January-September 2022 by 92,248,991, due to the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above), in the context of the decrease in the quantity of electricity delivered to consumers by 5.20%, i.e. by 2,055,075 MWh.

Revenue from the allocation of interconnection capacities

Revenue from the allocation of interconnection capacities decreased in the period January-September 2023 compared to the period January-September 2022 in the amount of 60,068,708, corresponding to the of usage of available interconnection capacities by traders in the electricity market.

The market for the allocation of interconnection capacities is fluctuating, with prices changing according to demand and the need for electricity market participants to purchase interconnection capacity. Thus, the decrease during the period under review was influenced by the supply and demand pricing model. Implicit allocations, where capacity and energy are provided for simultaneously, are strongly influenced by variations in the price of electricity on European exchanges.

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

On 8 June 2022, the Core FB MC (Core Flow-Based Market Coupling) project went live, thus initiating day-ahead flow-based market coupling in the Core capacity calculation region. The flow-based market coupling mechanism optimises the European electricity market for 13 countries (Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia).

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

As of November 2019, the 2nd wave of the Single Intraday Coupling (SIDC) European Single Intraday Market Coupling solution has been launched. The Single Intraday Market Coupling mechanism ensures the seamless matching of bids and offers of market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity is available. Thus, explicit intraday bids are only on the border with Serbia, and implicit intraday bids (within the SIDC) on the borders with Bulgaria and Hungary.

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

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

Inter TSO Compensation (ITC) revenues

Inter TSO Compensation (ITC) revenues was higher in the period January-September 2023 compared to January-September 2022 by 8,415,348. These revenues mainly come from scheduled electricity exchanges with perimeter countries (countries not part of the ITC mechanism), i.e. Ukraine and Moldova. Starting from 15.06.2023, the tariff for exchanges with perimeter countries has changed from 1.2 EUR/MWh to 3 EUR/MWh, leading to an increase in revenues compared to the same period last year. In addition, trade with

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Ukraine was severely reduced in February and March 2022 due to the outbreak of armed conflict in the region, and trade with Moldova only started in October 2022.

Exceptionally, due to the electricity flows transited in all countries participating in the mechanism, from the settlement received for June 2023, revenues of approximately EUR 1,031,634 (RON 5,137,535) were estimated to be recorded in September 2023.

Revenues from OTC transactions

Energy trading revenues for OTC were lower in the period January-September 2023 compared to January-September 2022 by 24,415,805. These revenues were obtained from the sale of excess energy, resulting as the difference between the long-term and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and as the difference between the forecast OTC and the actual OTC achieved on the Balancing Market, respectively.

In the structure of these revenues, transactions on the Intraday Market were about 10 times lower than in the previous year, as a large part of the required OTC was purchased on the long-term markets through the MACEE mechanism and bilateral contracts, and prices on the short-term markets decreased compared to the previous year, with negative price intervals, while transactions on the Balancing Market were comparable to the previous year due to the delegation of balancing responsibility to another ERP from June 2022 onwards, as well as due to the fact that several negative balancing price intervals were recorded.

Revenues from technological system services

Revenues from technological system services decreased in the period January-September 2023 compared to the period January-September 2022 by 96,863,746, due both to the decrease in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period under review, presented above) and to the reduction in the quantity of electricity delivered to consumers by 5.20%, i.e. by 2,055,075 MWh.

For the activity of technological system services, the specific regulatory framework for this activity contains regularisation mechanisms that ensure compensation for the excess or shortfall of revenue in relation to the level of expenses required to carry out the activity. Thus, according to ANRE regulations, the surplus/deficit of revenue compared to the recognised costs resulting from the performance of this activity is compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the year in which the excess/deficit was recorded. The excess/deficit of revenue over the costs resulting from this activity is calculated per tariff scheduling period.

Revenues from emergency aid

In the period January-September 2023, the Company provided emergency aid to Serbia, Ukraine and the Republic of Moldova in the total amount of 19,295,569.

Revenue on the balancing market

Revenues on the balancing market decreased significantly in the period January-September 2023 compared to January-September 2022, by 1,242,379,852, mainly due to the following:

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

Revenue from capitalisation of Own Technological Consumption (OTC)

According to Article III of *GEO no. 119/2022 amending and supplementing GEO no. 27/2022 and approved by Law no. 357/13.12.2022*, for licensed economic operators providing electricity transmission services, the additional costs for the procurement of electricity made between 1 January 2022 and 31 March 2025, in order to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised on a quarterly basis and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Thus, as of September 30, 2023, the Company has recorded OTC capitalization revenues in the amount of 2,727,619, representing additional OTC calculated as the difference between the net cost of OTC procurement and the cost of OTC included in the regulatory tariff, for the period from July 1 to September 30, 2023 (for the period from January 1 to June 30, 2023, the Company did not record OTC capitalization revenues).

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*(All amounts are expressed in LEI unless otherwise provided)***14. System operation and balancing market expenses****Period 01 July 2023 - 30 September 2023 compared to the period 01 July 2022 - 30 September 2022**

Expenses in Q3 2023 compared to Q3 2022 are as follows:

	Third quarter 2023	Third quarter 2022
Expenses regarding own technological consumption	116,211,576	201,937,744
Expenses regarding electricity consumption in RET substations	2,654,477	8,911,749
Inter TSO Compensation (ITC) expenses	43,633,461	4,600,000
Total operational expenses	162,499,514	215,449,493
Expenses regarding technological system services	131,914,004	108,099,635
Balancing market expenses	514,662,899	1,279,728,347
Total	809,076,417	1,603,277,475

Expenses regarding own technological consumption

This represents expenses on the purchase of electricity from the free energy market to cover own technological consumption in the electricity transmission network and was lower in Q3 2023 compared to Q3 2022 by 85,726,168, taking into account a number of aspects, as follows:

- Given its characteristic features, the Own Technological Consumption (CPT) in the Electricity Transmission Network (RET) strongly depends on meteorological conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little to not controllable in an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, CNTEE Transelectrica SA purchased electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction in demand in the industrial area and the increase in the share of wind energy, in the context of an atypically warm winter, have led to a fall both in the consumption of quantities traded on the short-term markets and in energy prices on these markets.

Expenses on electricity consumption in RET substations

In order to carry out the electricity transmission activity in the substations and to operate the National Electricity System in safe conditions, CNTEE Transelectrica SA must purchase electricity to cover the consumption related to internal services in the high-voltage substations under the management of the Company. These expenses decreased by 6,257,272 in Q3 2023 compared to Q3 2022.

Expenses on Inter TSO Compensation (ITC)

ITC expenses are the monthly payment liabilities/collection expenses for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity transits between TSOs of countries that have joined this mechanism under ENTSO-E. In Q3 2023, these expenses were higher by 39,033,461 compared to the same period last year.

Expenses regarding technological system services

Expenses regarding technological system services increased in Q3 2023 compared to Q3 2022 by 23,814,369.

Technological system services are procured by the Company from producers in order to ensure the maintenance of the safe operation of the SEN and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatcher who is responsible for ensuring the stability and safety of the SEN operation.

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

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

Balancing market expenses

The balancing market expenses of 514,662,899 in the third quarter of 2023 was significantly lower by 765,065,448 compared to the third quarter of 2022. These expenses result from notifications/realisations by participants in this market.

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The evolution of electricity production and consumption at national level and the European context of the evolution of the electricity market, the way in which the contracting on the pre-balancing market was carried out, had and will continue to have a significant impact on the evolution of revenues/costs on the balancing market.

Period 01 January 2023 - 30 September 2023 compared to period 01 January 2022 - 30 September 2022

Expenses for the period 01 January 2023 - 30 September 2023 compared to the period 01 January 2022 - 30 September 2022 were as follows:

	01 January - 30 September 2023	01 January - 30 September 2022
Expenses regarding own technological consumption	377,416,146	636,124,181
Congestion expenses	88,286	220,843
Expenses regarding electricity consumption in RET substations	28,110,959	29,539,486
Expenses regarding functional system services	-	30,721
Inter TSO Compensation (ITC) expenses	63,954,441	15,570,329
Total operational expenses	469,569,832	681,485,560
Expenses regarding technological system services	362,648,636	338,920,113
Balancing market expenses	1,531,819,945	2,774,593,938
Total	2,364,038,413	3,794,999,611

Expenses on own technological consumption

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

Expenses on own technology consumption was lower by 258,708,035 in the period January-September 2023 compared to January-September 2022, taking into account a number of aspects, as follows:

- given its characteristic features, the Own Technological Consumption (CPT) in the Electricity Transmission Network (RET) strongly depends on meteorological conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market;
- following the provisions of GEO no. 153/2022, CNTEE Traselectrica SA procured electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE);
- Measures taken at European level to make energy consumption more efficient, the replacement of Russian gas, the reduction of demand in the industrial area, and the increase in the share of wind energy, in the context of an atypically warm winter, led to a decrease in the consumption of quantities traded on the short-term markets by more than 35% and in energy prices on these markets. Thus, the average price of energy purchased on the PZU for the first 9 months of this year was more than 2.5 times lower than the price in the same period of 2022, while remaining higher than the price in previous years.

Congestion expenses

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

During the period January-September 2023, congestion expenses of 88,286 were incurred. Following the tripping of Trafo 1 - 250 MVA, 400/110 kV in Tariverde station, in order to avoid overload operation of Trafo 2 - 250 MVA, 400/110 kV and Trafo 3 - 250 MVA, 400/110 kV, power reductions were ordered at the Dispatchable Units connected in Tariverde station.

Expenses on electricity consumption in RET stations

These expenses decreased by 1,428,527 in the period January-September 2023 compared to January-September 2022.

In order to carry out the electricity transmission activity in the substations and to operate the National Electricity System in safe conditions, CNTEE Traselectrica SA must procure electricity to cover the consumption related to internal services in the high-voltage substations under the management of the Company.

Inter TSO Compensation (ITC) expenses

ITC expenses are the monthly payment liabilities/collection expenses for each transmission system operator (TSO) and are determined under the mechanism for compensation/discount of the effects of the use of the electricity transmission network (RET) for electricity

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transits between TSOs of countries that have joined this mechanism under ENTSO-E. In the period January-September 2023, these expenses was 48,384,112 higher than in the same period last year.

Expenses on technological system services

Technological system services are procured by the Company from producers in order to ensure the maintenance of the safe operation of the SEN and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatcher who is responsible for ensuring the stability and safety of the SEN operation.

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

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

In the period January-September 2023, the contracting of technological system services under the regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by the Hydroelectric Power Production Company "Hidroelectrica" SA.

Expenses on technological system services in the period January-September 2023, amounting to 362,648,636, was 23,728,523 higher than in January-September 2022. The purchase prices of system services on the competitive market in the period January-September 2023 remained around the values:

- the average purchase price of the secondary regulation reserve at 79.86 lei/MWh;
- the average purchase price of the fast tertiary regulation reserve, at increasing power, at the value of 37,84 lei/MWh;
- the average purchase price of the fast tertiary regulation reserve, at power reduction, at the value of 16,11 lei/MWh.

There was also a high level of concentration in the system technology services market for secondary reserve (SR) system technology services during January-September 2023.

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

Balancing market expenses

The balancing market expenses of 1,531,819,945 for the period January-September 2023 was significantly lower, i.e. 1,242,773,993 less than for the period January-September 2022. These expenses result from notifications/achievements by participants in this market and are significantly influenced by the evolution of national electricity production and consumption, the European context of the evolution of the electricity market and the way in which contracting in the pre-balancing market is carried out.

15. Amortisation

	Q III 2023	Q III 2022
Amortisation of tangible and intangible assets	66,057,038	63,031,938
Amortisation expense on intangible assets - Additional OTC	16,926,334	-
Amortisation of assets relating to usage rights leased assets	1,988,059	1,988,059
Total	84,971,431	65,019,997

	01 January - 30 September 2023	01 January - 30 September 2022
Amortisation of tangible and intangible assets	195,304,241	187,176,068
Amortisation expense on intangible assets - additional OTC	50,779,002	-
Amortisation of assets related to rights of use of leased assets	5,964,179	5,964,179
Total	252,047,422	193,140,247

Amortisation of tangible and intangible assets represents the amortisation recorded in respect of the commissioning of investment works and the acceptance of assets.

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

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

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

16. Personnel expenses

	Q III 2023	Q III 2022
Salary expenses	70,035,083	59,073,963
Social expenses	4,996,881	4,704,906
Expenses on vouchers granted to employees	4,464,335	2,756,040
Expenses for mandate contracts and other committees, commissions	1,037,046	1,029,026
Social security and protection expenses	5,014,759	4,535,119
Provisions for salary and assimilated expenses	(1,008,982)	(1,705)
Other expenses	7,495	211,350
Total	84,546,617	72,308,699
	01 January - 30 September 2023	01 January - 30 September 2022
Salary expenses	204,711,585	172,447,385
Social expenses	9,206,951	8,358,704
Expenses on vouchers granted to employees	15,122,015	9,109,330
Expenses for mandate contracts and other committees, commissions	3,316,046	3,001,160
Social security and protection expenses	15,341,772	13,603,049
Provisions for salary and assimilated expenses	(5,160,015)	(2,567,877)
Other expenses	19,267	306,836
Total	242,557,621	204,258,587

Total personnel costs incurred in the third quarter of 2023 and in the period January-September 2023 show an increase compared to the same period of the previous year, mainly due to an increase in certain expense items such as: personnel salary expenses, social security expenses, expenses for vouchers granted to employees, expenses related to the mandate contract and other committees, commissions, expenses related to insurance and social protection, as well as the reversal to revenues of part of the provisions set up for executive and non-executive directors dismissed, representing the variable component of the allocated and unused OAVT packages for the period of the mandates executed in the period 2013-2017 and the compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with the payments made on the basis of enforceable court judgments received by the Company.

17. Other operating expenses

	Q III 2023	Q III 2022
Other expenses with services executed by third parties	29,353,801	25,330,607
Postal expenses and telecommunication fees	186,870	77,927
Expenses on royalties and rents	1,682,616	1,500,046
(Net) operational expenses on impairment allowances for current assets	554,353	79,051
Other expenses, of which:	13,989,874	10,923,896
- (net) expenses on provisions for other operational expenses	(7,958)	(497,656)
- expenses on mandate contracts acc. to court decision	984,740	-
- expenses on taxes and duties (ANRE tax, natural monopoly tax, other local taxes and duties)	4,760,942	4,385,276
- expenses on electricity procured for administrative consumption	1,169,130	997,588
- other operating expenses	7,083,020	6,038,688
Total	45,767,514	37,911,527

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(All amounts are expressed in LEI unless otherwise provided)

In the third quarter of 2023, these expenses increased by 7,855,987 compared to the third quarter of 2022, mainly due to changes in certain expenses items:

- increase in (net) operating expenses by recording adjustments for impairment of receivables for CET Govora SA, OPCOM SA, etc., adjustments for impairment of inventories, while reversing to revenues adjustments for impairment of current assets (CET Govora SA, Menarom PEC SA etc.), adjustments for impairment of inventories etc.;
- recording of expenses related to FVOs paid on the basis of enforceable court judgments (performance bonus related to FVO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members removed, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024;
- increase in expenses items such as: civil protection and security expenses, Teletrans expenses etc.

	01 January - 30 September 2023	01 January - 30 September 2022
Other expenses on services provided by third parties	80,827,877	64,116,088
Postage and telecommunications expenses	606,698	299,666
Expenses on royalties and rents	4,867,174	4,461,880
Operational (net) expenses on impairment allowances for current assets	(350,854)	10,345,500
Other expenses, of which:	54,646,076	28,084,148
- <i>expenses (net) on provisions for other operational expenses</i>	(25,485)	(11,207,334)
- <i>expenses on FVOs cf. court rulings</i>	5,044,882	4,226,609
- <i>expenses on taxes and duties (ANRE tax, natural monopoly tax, other local taxes and duties)</i>	19,419,641	13,775,443
- <i>expenses on energy procured for administrative consumption</i>	2,344,713	3,415,246
- <i>expenses relating to goods</i>	3,333,167	2,047,799
- <i>expenses on fines and penalties</i>	308,965	1,567,586
- <i>other operational expenses</i>	24,220,193	14,258,799
Total	140,596,971	107,307,282

In the period January-September 2023, these expenses increased by 33,289,689 compared to the period January-September 2022, mainly due to changes in the following expenses items:

- an increase in certain items of expenses, namely: expenses on civil protection and security, expenses on the implementation of pan-European codes, expenses on Teletrans, expenses on taxes, duties and similar charges, expenses on international dues, expenses on the recovery of stocks obtained from the scrapping of existing equipment in the power stations managed by the Company as a result of maintenance work, refurbishment, upgrading, etc. The increase in *expenses on taxes, duties and assimilated expenses* is mainly due to the recording of expenses on transfers to the State budget following the recovery of undismantled and unsorted waste from the dismantling of assets belonging to the State's public domain as part of the work to refurbish stations; stamp duty on legal costs;
- recording of expenses related to FVOs paid on the basis of enforceable court judgments (performance bonus related to FVO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members removed, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024;
- recording of the amount of 7,596,156 under other operating expenses non-deductible for tax purposes, mainly representing the recognition on the Company's operating costs of two investment projects "Consolidation, Upgrading and expansion of CNTEE Transelectrica SA - Magheru headquarters" and "Implementation of an Electronic Filing and Document Management system within CNTEE Transelectrica SA" and recording of the related VAT adjustment;
- reversal to revenues of the adjustment for impairment of the investment objective "Consolidation, modernisation and extension of CNTEE Transelectrica SA - Magheru";
- decrease in (net) operating expenses by recording adjustments for impairment of receivables for CET Govora SA, OPCOM SA, etc., adjustments for impairment of inventories, while reversing to revenues adjustments for impairment of current assets (CET Govora SA, Menarom PEC SA etc.), adjustments for impairment of inventories etc.

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

	Q III 2023	Q III 2022
Interest revenues	1,647,243	1,456,997
Revenues from exchange rate differences	3,090,903	36,731,612
Other financial revenues	781,788	83,224
Total financial revenues	5,519,934	38,271,833
Interest expenses	(791,844)	(1,400,935)
Expenses from exchange rate differences	(3,415,406)	(35,257,169)
Total financial expenses	(4,207,250)	(36,658,104)
Net financial result	1,312,684	1,613,729

	01 January - 30 September 2023	01 January - 30 September 2022
Interest revenues	4,056,113	1,939,789
Revenues from exchange rate differences	25,642,117	39,958,324
Other financial revenues	2,275,611	2,930,140
Total financial revenues	31,973,841	44,828,253
Interest expenses	(2,934,881)	(6,322,771)
Expenses from exchange rate differences	(25,464,343)	(39,608,201)
Other financial expenses	(242,140)	-
Total financial expenses	(28,641,364)	(45,930,972)
Net financial result	3,332,477	(1,102,719)

As of September 30, 2023, the Company recorded a net financial result (profit) in the amount of 3,332,477, 4,435,196 higher than that recorded in the same period of 2022. This was mainly influenced by the interest revenues received during the period under review, and by the evolution of the exchange rate of the national currency against the foreign currencies in which the Company has contracted bank loans to finance investment programmes.

As at September 30, 2023, in the total amount of 2,934,881 (interest expense), the amount of 596,910 represents interest calculated on assets related to the rights of use of leased assets - buildings, as required by IFRS 16 - Leases.

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

Other financial revenues/other financial expenses mainly represent the recording of Transelectrica's exit from the shareholding of SELENE CC, according to the sale-purchase agreement of shares issued by SELENE CC. On 08.02.2023, the amount mentioned in the contract was received in full by Transelectrica from the buyers under the contract, by bank transfer. Also, during the period under review, dividends were received from the subsidiaries OPCOM SA and TELETRANS SA in the amount of 1,984,675.

The exchange rate of the national currency recorded on September 30, 2023 compared to that recorded on 30 September 2022 is as follows:

Currency	30.09.2023	30.09.2022
Lei / Euro	4.9746	4.9490
Lei / US Dollar	4.6864	5.0469

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

Management regularly reviews the situation of ongoing disputes and, and after consulting with legal representatives decides the need to create/cancel provisions for the amounts involved or their introduction into financial statements.

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

- INDEPENDENT AUTHORITY FOR NUCLEAR ACTIVITIES (RAAN)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Under RAAN's bankruptcy file registered under number 9089/101/2013 Mehedinti Tribunal deferred the case on the terms 08.10.2020 and 04.02.2021. Settlement in brief: term was granted to continue the liquidation procedures, to represent the debtor's interests in the disputes found on the docket of law courts; to consolidate the creditors' table, to continue measures in view of recovering receivables and further public bids in order to 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 case the case was deferred to 10.02.2022, the summary decision being: 'for the conduct of the proceedings, i.e. the recovery of assets, the collection of claims and the performance of other liquidation operations. The parties will be summoned by the BPI' and the next hearing is set for 02.06.2022.

At the 02.06.2022 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of claims and the completion of the other liquidation operations and the next term is set for 06.10.2022.

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

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

At the 15.06.2023 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of the claims and the completion of the other liquidation operations and the next term is set for 05.10.2023.

At the 05.10.2023 hearing, a term is granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of the claims and the completion of the other liquidation operations and the next term is set for **18.01.2024**.

• COURT OF ACCOUNTS OF ROMANIA

Following an inspection performed in 2013, the Court of Auditors 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 Auditors 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 Auditors.

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

Transelectrica filed an appeal on 14.06.2019.

At the public hearing of 21.10.2020, the appeals brought by the Claimant and the defendant against judgment No 2771 of 13 June 2018 of the Administrative and Fiscal Jurisdiction Chamber of the Supreme Administrative Court (CAB) - Eighth Section - are dismissed as groundless. Definitiv.

New filecase no. 2985/1/2021, on 24.11.2022 the ICCJ declares the appeal filed by the Company null and void. Definitiv.

Appeal against Decision CCR No 8/27.06.2017.

Following an audit carried out in 2017, the Court of Auditors issued certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The Company filed several appeals against the measures ordered by the Court of Auditors of Romania (CoA) by Decision no. 8/27.06.2017, requesting their cancellation, as well as the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals have been filed with the Bucharest Court of Appeal, including case no. **6581/2/2017** concerning the cancelling of the findings in point 6 and the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes of 29.03.2023, the case no. **6581/2/2017** has been referred to the 12th Administrative and Fiscal Litigation Division of the VIII Administrative and Fiscal Litigation Division under no. **6581/2/2017*** Summary ruling: In order to give the parties the opportunity to submit written pleadings and to deliberate, adjourn the trial to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on **26.05.2023**, the request was allowed. Annulled in part Decision No 77/03.08.2017 in so far as it rejected point 6 of the Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 in so far as it rejected the findings in point 6 and the measure ordered in point II.9, and Inspection Report No. 19211/26.05.2017 in respect of the findings in point 3.2. Orders the defendant to pay the claimant's costs in the total amount of 10,450 lei, representing the court stamp duty and the court expert's fee. With an appeal within 15 days of service. Decision 920/2023 26.05.2023.

The remaining cases were definitively settled, with the Bucharest Court of Appeal dismissing the request for annulment and the High Court of Cassation and Justice dismissing the appeals (case no. 6574/2/2017 concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, case no. 6576/2/2017 concerning the annulment of the findings in points 7.1, 7.2 and 8 and the measure ordered in point II.10, which became new file no. **2985/1/2021**, on 24.11.2022 the ICCJ declared null and void the appeal filed by the Claimant National Power Transmission Company Transelectrica SA against Judgment no. 8 of 20 January 2021 of the Bucharest Court of Appeal - Administrative and Fiscal Litigation Section VIII rendered in case no. 6576/2/2017. Definitive., case no. 6577/2/2017 on the annulment of the findings in paragraph 13 as well as the measure ordered in paragraph II.13, now case no. 1614/1/2020, case no. 6578/2/2017, on the annulment of the findings in paragraph 9 as well as the measure ordered in paragraph II.11, File No 6580/2/2017 on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, File No 6582/2/2017 on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and File No 6583/2/2017 on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

In January-July 2020 Romania’s Court of Auditors 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.

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 Auditors 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 Auditors under no. 139775/26.11.2020, and requested it to cancel the measures. CCR’s auditors examined and studied the Contestation submitted by the

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Company and Conclusion 2 of 10.03.2021 admitted cancelling only one measure of the 10 required.

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

On 10.08.2023 Transelectrica filed an appeal with the term on **07.03.2024**.

• OPCOM

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

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

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

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

- Compel the defendant OPCOM SA to pay the costs.

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

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

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

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

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

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

Transelectrica has appealed against the civil ruling no. 1532/12.10.2022 pronounced by the CAB, the case has been submitted to the ICCJ where it was settled by judgment no.1640/19.09.2023: "*Admit the main appeal filed by the recurrent-claimant Compania Natională de Transport al Energiei Electrice "TRANSELECTRICA" S.A. and the secondary appeal filed by the recurrent-defendant Operatorul Pieteii de Energie Electrică si Gaze Naturale "OPCOM" S.A. against civil decision no. 1532 of 12 October 2022, rendered by the Bucharest Court of Appeal - 5th Civil Section, which it reverses and sends the case for a new trial to the same court. Final.*"

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

This case concerns the nullity of the act - contribution in kind, materialized by intangible assets, trading platform - Commercial Exchange and Regional Electricity Exchange, financed by loans contracted by CNTEE Transelectrica SA from the BIRD, based on loan contract no. 7181RO/17.07.2003, and from CNTEE Transelectrica SA's own sources, which were carried out on the basis of service and deliverable contracts no.: P081406-O-C.78, P081406-O-C.125 and P081406-O-C.300/2005, materialized by EGMS Resolution no. 6/15.06.2016 and, subsequently, OGMS Resolution no. 2/25.05.2017 and OGMS Resolution no. 7/24.05.2018.

On the 11.04.2022 hearing, the court discussed the objections raised by CNTEE Transelectrica SA in its statement of defence. The evidence proposed to be taken in this case was also discussed in this hearing. The Court adjourned the case to the term set for 22.11.2022, in order to administer the evidence of the financial-accounting expert's report to be carried out in this case. After several adjournments, the next term is set for 27.06.2023 for the missing expert report. At the 27.06.2023 hearing, on the basis of the decision of the General Assembly of Judges of the Bucharest Court no. 4/20.06.2023, the case is adjourned and the next term is set for 10.10.2023. The Court adjourned the case to the term set for **07.11.2023**.

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• 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.

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

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

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

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

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

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

On 03.05.2023, the case is deferred to take cognizance of the reply to the objections and the next hearing date is on 13.09.2023. A hearing date is set for **06.12.2023**.

• 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.

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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.

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.

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

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

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

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

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

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

At the hearing of **12.12.2022**, the court approves the final report drawn up by the judicial liquidator New Insolvency SPRL, coordinating partner Bica Rosana. On the basis of Art. 175 para. 2 of Law no. 85/2014, closes the bankruptcy proceedings concerning the debtor ROMENERGY INDUSTRY S.R.L. Orders the deletion of the debtor company from the commercial register. Pursuant to the provisions of Article 180 of the Law, the bankruptcy judge and the liquidator are discharged from any duties or responsibilities with regard to the proceedings, the debtor and its assets, creditors and associates. With the right of appeal within 7 days of notification by the BPI. Procedure for resolving appeals against the closure order. Summary decision: Dismisses the appeal against Ruling No. 293/F/2022 delivered by the Court of Alba in case No. 2088/107/2016. Definitive. Pronounced by making the decision available to the parties by the court registry on 06.04.2023.

• MUNICIPALITY OF REȘIȚA

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 the land rent for 2016;
- 2,129,765.86 lei, representing the land rent for 2018;
- 2,129,765.86 lei, representing the land rent for 2019;
- 2,129,765.86 lei, representing the land rent for 2020;
- Legal penalty interest from due date until actual payment.

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

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

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

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

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

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

The court ordered a resumption of the trial and set a date of **16.11.2023**.

- **SMART SA**

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

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

At the hearing of 15.06.2023, a term is set for **09.11.2023** for lack of expert report.

- **ANAF**

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

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

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

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

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

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

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

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

The Company requested cancellation of the enforcement title 13540/22.08.2017 from the Appeal Court, under file **7141/2/2017**. Settlement in brief: it admitted the exception of material incompetence of the Appeal Court Bucharest, SCAF. It declined the material competence of case settlement in 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 contester. In accordance with article 413 para (1) pt. 1 of the Civil Procedural Code it suspended judgment until final settlement of file 1802/2/2018, on the 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

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management; - it cancelled the non-deductible nature of 27,001,727 Lei in the calculation of taxable income, which represent system technological services invoiced by electricity suppliers, considered as non-deductible after the fiscal audit, and it compelled payment of the main fiscal liabilities and accessories associated to such amount; - it cancelled the non-deductible nature of 343,629.91 Lei in the calculation of taxable income, representing "services for weeds removal" and it compelled payment of main fiscal receivables and accessories related to such amount; - it cancelled the non-deductible nature of 230,685,491 Lei in the calculation of taxable income, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 46,417.1 Lei associated to 343,629.91 Lei representing "weeds removal services" and the payment liability of main fiscal receivables related to such amount; - it cancelled the non-deductible nature of VAT in quantum of 37,693.88 associated to 230,685.49 Lei, representing expenses with promotional and protocol products and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the mention regarding the obligation of the Transmission Branch Sibiu within CNTEE Transelectrica SA to register 576,846.80 Lei as taxable revenue on 30.06.2010 at the latest, date when the verified unit was accepted to be recorded in the creditors' table by such amount, mention regarding the nature of taxable revenue when calculating the profit for 576,846.80 in accordance with the provisions of article 19 para 1 from Law 571/2003 on the Fiscal Code, with later amendments and additions, corroborated with pt. 23 let. d of HG 44/2004 including the Methodological Norms to apply Law 571/2003; the chapter regarding the income tax, namely Chapter VII Accounts operation of Order 3055 / 29 October 2009 approving the Accounting Regulations complying with European directives and the payment liability of main fiscal receivables and accessories related to such amount; - in the Minutes it cancelled the ascertainment with respect to "determining the deductible value added tax to a lower value than that registered by the claimant, thus resulting a difference in sum of 13,141 Lei" (annex 15), and the payment liability of main fiscal receivables and accessories related to such amount; - it cancelled the payment liability of delay penalties which have a sanctioning juridical regime, calculated for more than 6 months from the beginning date of fiscal inspection with respect to the main fiscal liabilities maintained by the law court in this ruling, as established by Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers, Taxation Decision F-MC 439/30.06.201 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Settling Contestations. It maintained the other provisions of Decision 122/13.03.2018 on settling the contestation filed against the Taxation Decision F-MC 439/30.06.2017 issued on 12.07.2017 by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers and Taxation Decision F-MC 439/30.06.2017 issued by the National Agency of Fiscal Administration, General Directorate Managing Large Tax Payers. It denied the other suspended requests as groundless. It 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-fiscal expertise, proportional to the request admittance. **Appeal right** granted within 15 days from communication, to be submitted to the Appeal Court Bucharest. **Ruling no. 382/20.10.2020.**

The parties filed an appeal in March 2022.

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

At the hearing of 24.05.2022, BCA rejects as groundless the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in so far as it states that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated to be correct by way of principal and ancillary tax liabilities. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested ruling. Appeal within 15 days of notification.

The parties appealed. The case is in the filter procedure at the ICCJ. Term on **13.12.2023**.

• OTHERS

The company is involved in significant disputes, specially to recover trade receivables (e.g. Petprod SRL, Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iasi, CET Bacău, CET Govora, CET Brasov, Elsaco Energy SRL, Arelco Power SRL, Arelco Energy SRL, Opcom, Menarom PEC SA Galati, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL and others).

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

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

(ii) Contingencies

- *File no. 20780/3/2020 - claimant ENERGOMONTAJ SA (7,092,389)*

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

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

At the hearing on 24.04.2023, the summary judgment is: "Admit in part the application for the summons brought by the claimant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the claimant the amount of EUR 802,886.12, exclusive of VAT, representing

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the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month for the works carried out under Works Contract No. C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Addendum to the Works Contract No. C54/27.02.2018, the purpose of which is to update the price of the Contract by the amount of EUR 1,468,039.77, excluding VAT, representing the costs generated by the increase in the minimum wage in the construction sector to the amount of 3,000 lei/month as from 01.01.2019. Dismisses the remainder of the request as groundless. Orders the defendant to pay the claimant the amount of 171,104.06 lei as legal costs. With right of appeal within 10 days of communication. The request to appeal shall be submitted with the Bucharest Court, Civil Division VI. Pronounced by making the decision available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023." Transelectrica has appealed. Hearing date set for 27.10.2023.

- *File No 25896/3/2020 - claimant Electromontaj București (10,000,000)*

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

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

At the hearing of 16.05.2023, the court adjourns the case to 12.09.2023 to file a reply to the expert objections.

At the trial date of 12.09.2023, the court adjourns the case to 26.09.2023 and sets the trial date for **07.11.2023**.

- *File No 27001/3/2021 - claimant Romelectro (3,523,710)*

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

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

At the hearing of 23.06.2023, the trial is adjourned to 06.10.2023.

At the hearing of 06.10.2023, a term for the continuation of the trial is set on **19.01.2024**.

- *File No 22368/3/2021 - claimant Romelectro (2,275,653)*

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

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

- *File No 30801/3/2021 - claimant Romelectro (2,271,075)*

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

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

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

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

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

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

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

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

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

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

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

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

At the hearing on 14.10.2022, the summary decision: In view of the absence of the expert report, adjourn the case and set the term for 07.04.2023.

At the hearing on 07.04.2023, the summary decision: In order to file the expert's report, adjourn the case to 15.09.2023.

At the hearing on 15.09.2023, the summary decision: for lack of an expert's report, adjourn the case to **12.01.2024**.

- *File No 37332/3/2021 - claimant Romelectro (4,433,591)*

The case concerns claims - GEO 114/2018 for the contract C112/2019 - *Refurbishment of the 110kv station of the Porțile de Fier - Anina-Reșița-Timișoara-Săcălaz-Arad - 400Kv station Timișoara axis*.

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

- *File No 8193/3/2022 - claimant Tempus Sev (2,437,253)*

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

At the hearing on 10 June 2022, the case is deferred to 14.10.2022. At the hearing on 14.10.2022 the case was deferred to 21.10.2022. Decision of 21.10.2022: Pursuant to Articles 258 and 255 of the Civil Procedure Code, the Court grants both parties leave to produce written evidence and the defendant also grants leave to produce evidence of the applicant's cross-examination and of an expert's report. Orders that the expert accountant's report shall have the objectives indicated by the defendant in its statement of defence, to which shall be added the additional objectives indicated by the defendant in the evidence note lodged at the hearing on 14 October 2022 and the objectives indicated by the applicant in the notes for the hearing lodged at the same hearing. The applicant is ordered to produce the documents requested by the defendant in its note for evidence of 14 October 2022. Requests the claimant to submit to the file the reply to the interrogatory which was communicated together with the statement of defence, under the signature of the legal representative, under penalty of the application of the provisions of Article 358 of the Civil Procedure Code. Delivered today, 21.10.2022, with the decision being made available to the parties by the court registry." Trial date 05.05.2023.

At the hearing on 05.05.2023, the case is adjourned and the date 15.09.2023 is set for the expert evidence.

At the hearing on 15.09.2023, the summary decision: for lack of an expert's report, adjourn the case to **08.12.2023**.

- *File No 8442/3/2022 - claimant Tempus Sev (1,429,832)*

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

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

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

- *File No 8440/3/2022 - claimant Tempus Sev (2,437,253)*

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

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

At the hearing on 08.11.2022, the case is adjourned.

The case was redocket and a trial term was set for 12.09.2023.

At the hearing on 12.09.2023, the summary judgment: In order to give the defendant the opportunity to take cognisance of the documents filed, adjourns the case to **07.11.2023**.

- *File No 527/1285/2021 - claimant ELM Electromontaj Cluj (402,274)*

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

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

The company appealed. The Court dismisses the appeal filed by the appellant C.N.T.C.E.E. T. SA against civil judgment no. 2039

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delivered on 22.10.2021 in casefile no. 527/1285/2021 of the Cluj Specialised Court, which it upholds in its entirety. Orders the appellant to pay the respondent E.E.C. SA the amount of 332.74 lei by way of costs on appeal. The decision is final and enforceable. Delivered on 10.10.2022, with the decision being made available to the parties by the registry of the court.

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

- *Control Court of Accounts of Romania*

As of 04 September 2023, the Court of Accounts, through Department IV, is conducting a compliance audit mission at CNTEE Transelectrica SA. The scope of the audit is:

a) contracting and procurement;

b) salaries and other rights granted to the Company's personnel.

The subject of the compliance audit is *"the situation, development and management of public and private state assets, as well as the legality of the earning of revenues and expenses for the period 2020-2022"* at CNTEE Transelectrica SA.

There are currently pending disputes with the Romania Court of Auditors, related to controls carried out in 2013, 2017 and 2020, detailed in the chapter Litigations.

Taking into account the findings of the Court of Auditors recorded in its Decisions following its audits of the quarterly, half-yearly and annual financial statements, we have stated that there may be the possibility of additional tax liabilities arising, but that at the present date, these cannot be determined accurately in accordance with IAS 37 - Provisions, Contingent Liabilities and Contingent Assets.

20. Related parties

- i) *Transactions with the Company-owned subsidiaries*

The entity	Country of Origin	30 September 2023 % of shares	31 December 2022 % of shares
SMART SA	Romania	100	100
TELETRANS SA	Romania	100	100
ICEMENERG SA *)	Romania	-	-
OPCOM SA	Romania	97,84	97,84
FORMENERG SA	Romania	100	100
ICEMENERG SERVICE SA	Romania	100	100

The net value of shares held by the Company in its subsidiaries is 78,038,750 at September 30, 2023 and 78,038,750 at 31 December 2022.

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

SMART SA

The company SMART SA, with registered office at 33 Magheru Boulevard, sector 1, Bucharest, and head office in the business location at 3 Gheorghe Șincai Boulevard, "Formenerg" building, 1st floor, sector 4, Bucharest, has as main business the maintenance of the transmission-dispatcher system and was established under GD no. 710/19.07.2001 on 1 November 2001.

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

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

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

Thus, on September 30, 2023, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 lei, subscribed and fully paid by the Company

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TELETRANS SA

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

The share capital on September 30, 2023 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

The subsidiary company Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA with registered office 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 GD 1065/04.09.2003.

In the Company's accounting records, as of June 30, 2023, the share capital of the Subsidiary Icemenerg SA is 1,083,450, fully subscribed and paid up.

*) 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.

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

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

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

OPCOM SA

The company OPCOM SA with registered office 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 GD 627/2000.

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

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

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

As at September 30, 2023, the share capital is 31,366,090, of which 8,778,790 represents fully paid-up subscribed share capital. The remaining share capital in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own sources and BIRD funds and valued according to the Valuation Report No. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

On September 30, 2023, the share capital of OPCOM SA is 31,366,090 lei, representing a number of 3,136,609 registered shares with a share value of 10 lei and a shareholding of CNTEE Transelectrica SA in profits and losses of 97.84%.

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The company FORMENERG SA, with registered office 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 GMS Decision 33/2001.

The share capital on September 30, 2023 is 1,948,420, fully subscribed and paid up.

ICEMENERG SERVICE SA

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

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

The share capital on September 30, 2023 is 493,000, fully subscribed and paid up.

On 09.06.2017, the Bucharest Court, Civil Section VII, ordered the entry into bankruptcy by simplified procedure of the debtor Company Subsidiary ICEMENERG SERVICE - SA, appointing Solvendi SPRL as provisional liquidator.

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

On 27.04.2021, the Special Administrator of the Subsidiary ICEMENERG Service SA informs that on 23.04.2021, following the bid, the assets of the Subsidiary ICEMENERG Service SA, both movable and immovable, were sold en bloc, the buyer being Portland Trust Developments Five SRL.

In the case no.18051/3/2017, according to the Insolvency Proceedings Report no.9152/26.05.2022, the Bucharest Court - Civil Section VII by civil sentence no.2429 approved the final report of the judicial liquidator, and on the basis of art.175 paragraph 2 of Law no.85/2014 on insolvency prevention and insolvency proceedings, closed the insolvency proceedings against the debtor Company Filiala "Icemenerg-Service" SA by cancelling it from the Bucharest Trade Register. The company has not been notified of the decision until 30.09.2023.

Balances with subsidiaries held by the Company are as follows:

AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	30 September 2023	31 December 2022	30 September 2023	31 December 2022
SMART SA	338,041	341,310	20,317,436	18,350,272
TELETRANS SA	181,327	176,323	27,623,168	14,692,419
FORMENERG SA	-	-	-	-
OPCOM SA	145,371,927	654,372,119	178,008,152	647,260,234
TOTAL	145,891,295	654,889,752	225,948,756	680,302,925

*) Trade receivables are provided at gross values.

Transactions with the Company's subsidiaries during the reporting period are detailed as follows:

AFFILIATED ENTITY	Sales			
	Third quarter 2023	Third quarter 2022	9 months 2023	9 months 2022
SMART SA	175,129	236,004	683,026	869,135
TELETRANS SA	1,006,164	173,166	1,754,073	1,098,146
FORMENERG SA	-	-	-	-
OPCOM SA	527,492,729	2,756,445,228	935,309,343	5,381,731,438
TOTAL	528,674,022	2,756,854,398	937,746,442	5,383,698,719

AFFILIATED ENTITY	Acquisitions			
	Third quarter 2023	Third quarter 2022	9 months 2023	9 months 2022
SMART SA	26,305,321	23,999,434	65,534,712	74,098,510
TELETRANS SA	12,250,610	9,733,537	36,221,668	32,184,609
FORMENERG SA	550	-	2,174	286
OPCOM SA	493,134,556	666,431,875	2,656,978,692	1,593,465,522
TOTAL	531,691,037	700,164,846	2,758,737,246	1,699,748,927

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*(All amounts are expressed in LEI unless otherwise provided)***21. Credit risk**

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

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

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash and cash equivalents. The Company has put in place a number of policies to ensure that the sale of services is made to customers with adequate collection by including in commercial contracts the obligation to provide financial guarantees. The amount of receivables, net of adjustments for impairment, represents the maximum amount exposed to collection risk. The maximum exposure to collection risk at the reporting date was:

	30 September 2023	31 December 2022
Financial assets		
Net trade receivables	1,158,656,894	2,261,084,021
Other net receivables and down payment to suppliers	174,991,105	787,546,355
Receivable VAT	174,108,137	291,841,166
Cash and cash equivalents	645,319,565	315,146,396
Other financial assets	-	-
Total	2,153,075,701	3,655,617,938

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

	Gross value 30 September 2023	Impairment allowance 30 September 2023	Gross value 31 December 2022	Impairment allowance 31 December 2022
Not reached maturity	1,015,262,592	335,363	2,171,853,986	439,303
Due date exceeded from 1 to 30 days	23,509,675	13,189	120,587	2,770
Due date exceeded from 31 to 90 days	1,094,489	12,559	20,541	5,943
Due date exceeded from 90 to 180 days	29,753,375	3,221	18,045	6,970
Due date exceeded from 180 to 270 days	31,487	17,254	428,640	449,742
Due date exceeded from 270 to 365 days	10,196	-	186,948	181,868
More than one year	221,773,140	132,396,474	221,292,437	131,750,567
Total	1,291,434,954	132,778,060	2,393,921,184	132,837,163

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

	Gross value 30 September 2023	Impairment allowance 30 September 2023	Gross value 31 December 2022	Impairment allowance 31 December 2022
Not reached maturity	147,106,585	335,715	1,050,760,965	34,980
Due date exceeded from 1 to 30 days	6,639	-	208,379	-
Due date exceeded from 31 to 90 days	578,535	-	445,076	-
Due date exceeded from 90 to 180 days	74,519	-	2,272,225	242,536
Due date exceeded from 180 to 270 days	394,802	33,578	1,541,395	170,579
Due date exceeded from 270 to 365 days	47,555	4,727,134	9,618,542	9,402,895
More than one year	103,196,271	71,317,374	90,871,784	66,479,855
Total	251,404,906	76,413,801	1,155,718,366	76,330,845

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

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The highest impairment allowances at September 30, 2023, calculated for trade receivables and related penalties, were recorded for CET Govora (24,992,184), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Romelectro SA (13,428,944), Elsaco Energy (9,276,118), RAAN (8,516,707), Next Energy Partners SRL (8,395,132).

The Company has taken all legal steps for the recovery of impairment adjusted receivables: initial notification, enforcement of guarantees, legal action, registration in the creditor's list, etc.

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

	30 September 2023	31 December 2022
Balance on 1 January	132,837,163	145,107,946
Recognition of impairment allowances	1,309,242	2,496,173
Reversal of impairment allowances	1,368,345	14,766,956
Balance at the end of the interval	132,778,060	132,837,163

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

	30 September 2023	31 December 2022
Balance on 1 January	76,330,845	66,918,366
Recognition of impairment allowances	405,752	11,557,190
Reversal of impairment allowances	322,796	2,144,711
Balance at the end of the interval	76,413,801	76,330,845

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

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

22. Subsequent events

• Memorandum of Understanding in carrying out a Feasibility Study

The company has informed shareholders and the investing public that it has signed with Abu Dhabi National Energy Company PJSC (TAQA), Meridiam SAS, E-INFRA (ELECTROGRUP INFRASTRUCTURE SA) and FLUOR TRANSWORLD a *Memorandum of Understanding for a Feasibility Study regarding the construction of a high voltage direct current (HVDC) line and conversion stations in Romania*. On October 16, 2023, the Project was submitted by "Transelectrica" S.A. together with MAVIR (Hungarian Electricity Transmission Operator), as promoters, for inclusion in the 2024 edition of the 10-Year Network Development Plan (TYNDP).

• Resolution No. 9 of the Ordinary General Meeting of Shareholders of October 18, 2023

The Ordinary General Meeting of Shareholders of the Company held on October 18, 2023 approved the appointment as provisional members of the Supervisory Board of:

- ATANASIU Teodor,
- DASCĂL Cătălin-Andrei,
- PĂUN Costin-Mihai,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița,
- MITU Anca,
- BOROTEA Adrian Remus,

with a term of office of 5 (five) months from October 22, 2023, with the possibility of a single extension for a further 2 months for good cause. It also approved the determination of the fixed indemnity of the members of the Supervisory Board of the Company and the form of the mandate contract to be concluded.

• Acceptance of mandates of provisional members of the Supervisory Board

On October 22, 2023, the provisional members of the Supervisory Board, appointed by the Resolution of the Ordinary General Meeting of Shareholders no. 9 of October 18, 2023, namely Mr. Teodor ATANASIU, Mr. Cătălin -Andrei DASCĂL, Mr. Costin-Mihai PĂUN,

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Mr. Alexandru-Cristian VASILESCU, Ms. Luminița ZEZEANU and Ms. Anca MITU signed before the notary public the declaration of acceptance of their mandates, their appointment becoming effective as of October 22, 2023.

At the same time, the Company informed that Mr. Adrian Remus BOROTEA, appointed by the Resolution of the Ordinary General Meeting of Shareholders no. 9/2023, informed the Company that he does not accept the mandate of provisional member of the Supervisory Board.

• Appointment of the Directorate, appointment of the Chairman and advisory committees of the Supervisory Board

At its meeting of October 24, 2023, the Supervisory Board, in view of the expiry on October 24, 2023 of the terms of office as provisional members of the Directorate of Mr Ștefăniță MUNTEANU, Mr Cătălin Constantin NADOLU, Mr Florin Cristian TĂTARU and Mr Bogdan TONCESCU, pursuant to Article III of Law no.187/2023 amending and supplementing GEO no.109/2011 on corporate governance, appointed as provisional members of the Directorate Messrs:

- Ștefăniță MUNTEANU,
- Cătălin Constantin NADOLU,
- Florin Cristian TĂTARU,
- Bogdan TONCESCU,

for a term of office of 5 months starting on October 25, 2023, with the possibility of a one-time extension for a further 2 months for good cause, but the term of office shall not exceed the date of completion of the procedure for the selection of the members of the Company's Directorate under the terms of O.U.G. no.109/2011 on the corporate governance of public companies, approved with amendments and additions by Law no.111/2016, with subsequent amendments and additions, as well as those introduced by Law no.187/2023, if the procedure is completed within this period.

At the same time, in accordance with Article 23 para. (1) of the Articles of Association of "Transelectrica"-SA, the Supervisory Board elected Mr. Ștefăniță MUNTEANU as Chairman of the Directorate, alternatively called Chief Executive Officer of the Company.

At the same meeting, Mr Cătălin-Andrei DASCĂL was elected Chairman of the Supervisory Board and the following advisory committees of the Supervisory Board were appointed:

Nomination and Remuneration Committee:

VASILESCU Alexandru-Cristian - President
PĂUN Costin-Mihai
DASCĂL Cătălin-Andrei
MITU Anca
ATANASIU Teodor.

Audit Committee:

ZEZEANU Luminița- president
ATANASIU Teodor
DASCĂL Cătălin-Andrei
PĂUN Costin-Mihai
MITU Anca.

Investment and Energy Security Committee:

PĂUN Costin-Mihai - president
VASILESCU Alexandru-Cristian
ZEZEANU Luminița
ATANASIU Teodor
MITU Anca.

Risk Management Committee:

ATANASIU Teodor - President
VASILESCU Alexandru-Cristian
PĂUN Costin-Mihai
DASCĂL Cătălin-Andrei
MITU Anca.

• Convening of the Ordinary General Meeting of Shareholders

The Directorate of the Company, by means of a communication issued on October 25, 2023, convened, in accordance with the legal provisions in force, the Ordinary General Meeting of Shareholders on November 28, 2023, with the following agenda:

- the appointment of a provisional member of the Supervisory Board for a term of office until March 21, 2024, with the possibility of a one-time extension for a further 2 months for good cause, the approval of the form of the mandate contract to be concluded with the member of the Supervisory Board to be appointed and the determination of their remuneration, as well as the empowerment of the person who will sign the mandate contract with the new member of the Supervisory Board on behalf of the Company,

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(All amounts are expressed in LEI unless otherwise provided)

- presentation of the half-yearly report of the Supervisory Board of the National Power Transmission Company "Transelectrica"-S.A. on the management activity (January-June 2023).

- **Appointment of provisional member of the Supervisory Board**

On October 30, 2023, the Company informed shareholders and investors that in accordance with its duties under the statutory and legal provisions, the Supervisory Board decided to appoint as a provisional member of the Supervisory Board Ms Simona-Geanina PISTRU-POPA, with a term of office until March 21, 2024, but no later than the date of appointment of a member of the Supervisory Board by the General Meeting of Shareholders. The appointment of Ms Simona-Geanina PISTRU-POPA became effective on October 30, 2023, according to the report signed by the Company.