

CNTEE Transelectrica SA
Company managed under two-tier system

Stand-alone Interim Simplified Financial Statements
on the date and for the period of nine months ending on
30 September 2020

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

CNTEE Transelectrica SA

Stand-alone simplified statement of financial position on 30 September 2020

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

	Notes	30 September 2020	31 December 2019
Assets			
Non-current assets			
Tangible assets	4	3,485,821,454	3,439,577,805
Intangible assets	4	26,990,317	23,437,440
Financial assets	4	81,742,973	81,500,833
Assets rel. to utilisation rights for assets taken under leasing – buildings	4	-	6,328,685
Total non-current assets		3,594,554,744	3,550,844,763
Current assets			
Inventories		41,220,042	37,519,731
Trade and other receivables	5	655,114,415	706,350,248
Other financial assets	6	-	85,000,000
Cash and cash equivalents	7	471,741,739	320,768,647
Total current assets		1,168,076,196	1,149,638,626
Total assets		4,762,630,940	4,700,483,389
Shareholders' equities and liabilities			
Shareholders' equities			
Share capital, of which:		733,031,420	733,031,420
<i>Share capital subscribed</i>		733,031,420	733,031,420
Share premium		49,842,552	49,842,552
Legal reserves		129,096,113	129,096,113
Revaluation reserves		860,640,133	922,454,926
Other reserves		15,771,718	15,771,718
Retained earnings		1,611,864,309	1,433,931,608
Total shareholders' equities	8	3,400,246,245	3,284,128,337
Non-current liabilities			
Non-current deferred revenues	9	361,157,527	360,641,212
Borrowings	10	107,558,760	122,835,499
Deferred tax liability		136,388,603	136,853,805
Liabilities regarding employees' benefits		63,711,459	63,711,459
Total non-current liabilities		668,816,349	684,041,975
Current liabilities			
Trade and other liabilities	11	561,029,413	556,477,615
Other loans and assimilated liability- Building leasing		-	6,328,098
Other tax and social insurance liability	12	9,747,885	8,752,115
Borrowings and related interest	10	24,910,512	55,566,735
Provisions		57,574,483	70,017,850
Current deferred revenues	9	28,945,126	37,209,745
Payable income tax	13	11,360,927	(2,039,081)
Total current liabilities		693,568,346	732,313,077
Total liabilities		1,362,384,695	1,416,355,052
Total shareholders' equities and liabilities		4,762,630,940	4,700,483,389

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

CNTEE Transelectrica SA

Contul separat de profit și pierdere pentru perioada de nouă luni încheiată la 30 septembrie 2020

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

	Note	01 July – 30 September 2020	01 July – 30 September 2019	01 January – 30 September 2020	01 January – 30 September 2019
Revenues					
Revenues from transmission services		251,527,376	257,018,803	758,784,929	809,156,043
Revenues from system services		193,159,389	202,352,607	585,627,967	530,109,314
Revenues from the balancing market		119,967,963	125,435,228	286,031,513	405,364,762
Other revenues		9,084,358	14,367,244	33,255,944	38,541,535
Total revenues	14	573,739,086	599,173,882	1,663,700,353	1,783,171,654
Operational expenses					
Expenses for system operation	15	(74,863,789)	(88,301,190)	(217,761,193)	(268,117,622)
Expenses with the balancing market	15	(119,937,963)	(125,435,228)	(286,031,513)	(405,364,762)
Expenses regarding technological system services	15	(123,344,908)	(143,681,857)	(421,560,525)	(496,812,381)
Amortisement		(66,198,885)	(67,968,813)	(202,310,973)	(209,971,449)
Salaries and other retributions	16	(67,823,710)	(55,606,878)	(176,151,210)	(158,484,470)
Repairs and maintenance		(29,380,562)	(28,545,287)	(66,057,252)	(72,854,302)
Materials and consumables		(2,362,864)	(1,807,586)	(5,743,181)	(5,184,717)
Other operational expenses	17	(35,896,847)	(38,237,587)	(89,043,369)	(77,208,581)
Total operational expenses		(519,839,528)	(549,584,426)	(1,464,659,216)	(1,693,998,284)
Operational profit		53,899,558	49,589,456	199,041,137	89,173,370
Financial revenues		3,051,246	1,848,922	7,999,584	7,608,870
Financial expenses		(3,177,159)	(3,695,150)	(10,030,243)	(13,875,853)
Net financial result	18	(125,913)	(1,846,228)	(2,030,659)	(6,266,983)
Profit before income tax		53,773,645	47,743,228	197,010,478	82,906,387
Income tax	13	(16,908,021)	(4,371,682)	(44,637,474)	(9,309,988)
Profit of the period		36,865,624	43,371,546	152,373,004	73,596,399

CNTEE Transelectrica SA

Contul separat de profit și pierdere pentru perioada de nouă luni încheiată la 30 septembrie 2020

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

	Note	01 July – 30 September 2020	01 July – 30 September 2019	01 January – 30 September 2020	01 January – 30 September 2019
Profit of the period		36,865,624	43,371,546	152,373,004	73,596,399
Other comprehensive revenues		-	-	-	-
Total overall result		36,865,624	43,371,546	152,373,004	73,596,399

The stand-alone interim simplified financial statements provided here were approved by the Company's management on 09 November 2020 and signed on its behalf by:

DIRECTORATE,

Chairman
Catalin NITU

Member
Andreea-Mihaela MIU

Member
Ovidiu ANGHEL

Member
Corneliu-Bogdan MARCU

Member
Marius-Viorel STANCIU

Director, Economic-Financial and Administrative Unit
Ana-Iuliana DINU

f. Manager, Accounting Department
Georgiana-Beatrice STEFAN, Head of BCC

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

CNTEE Transelectrica SA

Stand-alone statement of changes into shareholders' equities on 30 September 2020

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

	Share capital	Share premium	Legal reserves	Revaluation reserves	Other reserves	Retained earnings	Total
Balance on 1 January 2019	733,031,420	49,842,552	123,742,090	522,585,647	66,664,045	1,313,139,735	2,809,005,489
Comprehensive result of this period							
Profit of the period	-	-	-	-	-	96,030,957	96,030,957
Other comprehensive items, of which:							
Recognition of actuarial gains of the determined benefit plan	-	-	-	-	-	(11,439,728)	(11,439,728)
Surplus from revaluation of tangible assets				525,101,307			525,101,307
Liability- deferred tax rel. to revaluation reserve				(83,677,369)			(83,677,369)
Total comprehensive items of overall result	-	-	-	441,423,938	-	(11,439,728)	429,984,210
Total comprehensive result of the period	-	-	-	441,423,938	-	84,591,229	526,015,167
Other items							
Transfer of revaluation reserves into retained earnings	-	-	-	(41,554,660)	-	41,554,660	-
Indexation of legal reserve	-	-	5,354,023	-	-	(5,354,023)	-
Other items	-	-	-	-	-	7	7
Total other items	-	-	5,354,023	(41,554,660)	-	36,200,643	7
Contrib. from & distribut. to shareholders							
Derecognition of assets such as public stocks by registering HG 615, 682 & 683 / 2019 amending the inventory of assets from the public domain					(54,442,106)		(54,442,106)
Subsidies for assets such as public inventories (connection fee)	-	-	-	-	3,549,779		3,549,779
Dividends distribution	-	-	-	-	-		
Total contributions from and distributions to shareholders	-	-	-	-	(50,892,326)		(50,892,326)
Balance on 31 December 2019	733,031,420	49,842,552	129,096,113	922,454,926	15,771,718	1,433,931,608	3,284,128,337
Balance on 1 January 2020	733,031,420	49,842,552	129,096,113	922,454,926	15,771,718	1,433,931,608	3,284,128,337
Comprehensive result of the period							
Profit of the period	-	-	-	-	-	152,373,004	152,373,004
Alte comprehensive items, of which	-	-	-	-	-	-	-
Recognition of actuarial losses of the determined benefit plan	-	-	-	-	-	-	-
Surplus from revaluation of tangible assets				(1,069,586)			(1,069,586)
Liability- deferred tax rel. to revaluation reserve				534,309		(534,309)	-
Total comprehensive items of overall result	-	-	-	(535,277)	-	(534,309)	(1,069,586)
Total comprehensive result of the period	-	-	-	(535,277)	-	151,838,695	151,303,418
Other items							
Transfer of revaluation reserves into retained earnings	-			(61,280,484)	-	61,280,484	-
Indexation of legal reserve	-	-	-	-	-	-	-
Other items	-	-	-	968	-	(970)	(2)
Total other changes	-	-	-	(61,279,516)	-	61,279,514	(2)
Contributions from & distributions to shareholders							
Derecognition of assets such as public inventories	-	-	-	-	-	-	-
Subsidies for assets such as public inventories (connection fee)	-	-	-	-	-	-	-
Dividends distribution	-	-	-	-	-	(35,185,508)	(35,185,508)
Total contributions from and distributions to shareholders	-	-	-	-	-	(35,185,508)	(35,185,508)
Balance on 30 September 2020	733,031,420	49,842,552	129,096,113	860,640,133	15,771,718	1,611,864,309	3,400,246,245

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

CNTEE Transelectrica SA

Stand-alone statement of cash flows on 30 September 2020

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

	9 months period ended 30 September 2020	9 months period ended 30 September 2019
Cash flows from operational activities		
Profit of the period	152,373,004	73,596,399
Allowances for:		
Income tax expense	44,637,474	9,309,988
Amortisement expense	195,982,288	203,642,764
Allowance expenses to impair trade receivables	987,129	5,153,779
Reversal of allowances to impair trade receivables	(2,050,120)	(2,865,297)
Losses from sundry debtors	-	766,923
Net revenues with allowances to impair sundry debtors	1,297,311	(1,351,447)
Net expenses with allowances to impair inventories	177,045	(44,267)
Net (profit)/loss from sale of tangible assets	219,061	320,769
Net expenses with value allowances regarding tangible assets	898,386	2,401,935
Net revenues regarding provisions for risks and expenses	(12,308,433)	(31,284,047)
Interest expense, interest revenue and unrealised benefits from exchange rate differences	2,716,907	6,290,600
Cash flows before changes into current capital	384,930,052	265,938,099
Changes into:		
Clients and assimilated accounts - energy and other activities	26,967,156	37,099,316
Clients – balancing	17,578,119	267,685,953
Clients – cogeneration	6,262,846	(23,278,684)
Inventories	(3,700,311)	(2,801,045)
Trade and other liabilities - energy and other activities	99,824,275	(41,655,897)
Liabilities - balancing	(28,124,488)	(320,533,574)
Liabilities - cogeneration	(100,685,071)	(77,025,114)
Other tax and social security liability	995,770	(2,043,037)
Deferred revenues	(7,748,304)	(20,869,292)
Cash flows from operational activities	396,300,044	82,516,725
Interest paid	(5,553,873)	(7,037,453)
Income tax paid	(32,295,040)	(9,791,996)
Net cash generated from operational activities	358,451,131	65,687,276
Cash flows from investments		
Procurements of tangible and intangible assets	(213,762,389)	(168,884,834)
Participation titles held with SELENE CC Societe Anonyme	(242,140)	-
Interest cashed	5,438,029	3,211,433
Dividends cashed	1,769	132,581
Other financial assets	85,000,000	(80,000,000)
Net cash used in investments	(123,564,731)	(245,540,820)
Cash flows used in financing activities		
Reimbursements of non-current loans	(18,979,260)	(46,478,736)
Utilisation of cogeneration credit line	-	82,951,925
Repayments of cogeneration credit line	(29,540,187)	-
Dividends paid	(35,393,861)	(66,966,063)
Net cash used in financing activities	(83,913,308)	(30,492,874)
Net increase/(decrease) of cash and cash equivalents	150,973,092	(210,346,418)
Cash and cash equivalents on 1 January	320,768,647	482,158,679
Cash and cash equivalents at the end of the period	471,741,739	271,812,261

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

1. General information

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

The headquarters’ address is at Blvd. General Gheorghe Magheru 33, Bucharest 1. At present the Company’s executive part performs activities in the working location of Olteni Str. 2-4, Bucharest 3.

The stand-alone interim financial statements elaborated on 30 September 2020 have not been audited.

2. Bases of elaboration

a) Statement of conformity

These stand-alone interim simplified financial statements have been elaborated in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information necessary for a complete set of financial statements in accordance with the International Financial Reporting Standards (“IFRS”). Nevertheless some explanatory notes have been included to explain the events and transactions significant for understanding the changes occurred in the Company’s financial position and performance since the last annual stand-alone financial statements of the date and for the financial year ended on 31 December 2019.

b) Professional reasoning and estimations

The significant reasoning that the governance team has used in applying the Company’s accounting policies and the main uncertainty sources regarding estimations were the same with those applied to the stand-alone financial statements as of and for the financial year ended on 31 December 2019.

3. Significant accounting policies

The accounting policies applied to these stand-alone interim simplified financial statements are the same with those used for the Company’s stand-alone financial statements as of and for the financial year ended on 31 December 2019.

4. Tangible and intangible assets

a) Tangible assets

On 30 September 2020 in comparison with 31 December 2019 increase was registered in the value of tangible assets underway represented mainly **by investment works achieved in high voltage electric substations and lines**, as follows:

- 400 kV double circuit OHL Cernavoda-Stalpu and connection into Gura Ialomitei – 61,866,845;
- Refurbishing the 400/110/20 kV substation Domnesti – 29,111,600;
- Bobine de compensare 100 MVAR, 400 kV pentru stațiile de 400 kv Arad, București și Bradu – 13,057,755;
- Refurbishing the 220/110 kV substation Craiova Nord – 13,599,464;
- Replacing autotransformers and transformers in electric substations, stage 2, step 2, LOT 1 & LOT 2 – 10,132,349;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I – 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – 16,906,273;
- Refurbishing the 220/110 kV substation Hasdat – 24,545,620;
- Refurbishing the 220/110 kV substation Iaz – 10,160,183;
- Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – 7,305,023;
- Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova – 7,469,020;

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

- Installing the 400 MVA, 400/231/22 kV autotransformer AT2 and associated bays in Substation Iernut and upgrading the command control system of the 400/220/110/6 kV substation Iernut – 5,555,565;
- Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud – 2,954,129;
- Changes to the 400, 220, 110 kV OHL-s to make the penetration of Blvd N. Grigorescu - Splai Dudescu -1,978,069;
- Upgrading the 110 kV and 400 (220 kV) installations of Substation Focsani Vest – 5,799,982;
- Computation technique, hardware & software, desktop PC – 1,600,540;
- Refurbishing the 220/110/20 kV substation Ungheni – 1,578,569;
- Upgrading the 220 kV OHL Cetate – Calafat – 1,168,394;
- Refurbishing the 110 kV substation Timisoara and converting the Portile de Fier - Anina - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II: the 400 kV substation Timisoara – 3,896,744;

The greatest transfers from tangible assets in progress to tangible assets are mainly represented by commissioning the investment objectives as follows:

- Replacing AT and transformers in electric substations, stage 2, step 2 - LOT 1 & LOT 2 – 16,900,104;
- 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest and Bradu – 13,348,581;
- Refurbishing the 220/110 kV substation Otelarie Hunedoara – 11,819,328;
- Refurbishing the 220/110/20 kV substation Ungheni – 9,434,462;
- Changes to the 400/220/110 kV OHL-s to make the penetration of Blvd. N. Grigorescu - Splai Dudescu – 3,970,002;
- Upgrading the 400/220/110/20 kV substation Munteni – 3,871,497;
- Upgrading the teleprotection, telecommunication system in Substation Cernavoda – 3,756,409;
- Upgrading the building of DET Timisoara – 1,920,662;
- Computation technique, hardware & software, desktop PC – 1,623,404;
- Upgrading the 220 kV OHL Cetate - Calafat – 1,168,394;
- Air conditioning installations in the server rooms from UNO-DEN – 924,015;
- Developing the space for relocation and upgrade of CTSI at ground floor of industrial building 2 TB Timisoara – 819,555;
- Changes to the 400 kV OHL Urechesti - Domnesti to achieve the coexistence conditions – 580,386;
- Check-up and testing equipment – 426,600;
- Providing safe supply of 220 Vdc auxiliary services in Substation Fantanele by replacing the accumulator batteries and resizing the capacity of Battery 2 of condensers – 375,989;
- Manufacturing hall of aluminium parts, located in locality Bradu, village Geamana, Str. Drumul 23 np. 44, Arges County – 333,042;
- Upgrading the 220/110 kV substation Dumbrava – 285,671;
- The 400 kW fully automatic gas-fired heat plant for the building of Blvd. Hristo Botev 16-18, Bucharest 3 – 279,000;
- Thermal rehabilitation of Annex Building of Control Block in Substation Isaccea – 256,013;
- Replacing the 220 V accumulator battery 1 of the 220/110 kV substation Mintia – 252,431;
- Upgrading the road system of communal road, Street Fortului, commune Domnesti, Ilfov County – 218,673;
- Videoconference terminal for the TSCNET network to be installed in the headquarters of UNO-DEN – 160,300;
- Hydrocarbon (oil) separator for the concreted platform in Substation Tulcea Vest – 152,360;
- Professional air conditioning units for the IT&C technological rooms of DET-s Bacau, Cluj and Craiova – 138,444.

The balance of tangible assets under execution on 30 September 2020 is represented by ongoing projects, which the most significant are provided below:

- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - the 400 kV simple circuit OHL Portile de Fier - (Anina) - Resita – 58,574,215;
- Connecting to RET the 300 MW Ivesti WPP, the 88 MW WPP Falciu 1 and the 18 MW WPP Falciu 2 by means of the new (400)/220/110 kV substation Banca – 46,884,983;
- Connecting the 400 kV OHL Isaccea - Varna & OHL Isaccea - Dobrudja in the 400 kV substation Medgidia Sud – 35,540,132;
- The 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – 74,908,918;

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Notes to the stand-alone interim financial statements on 30 September 2020

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

-
- Refurbishing the 400/110/20 kV substation Domnesti (BA Dec. 5 / 19.05.2010) – 43,774,148;
 - Refurbishing the 220/110 kV substation Hasdat – 38,956,510;
 - Refurbishing the 220/110 kV substation Craiova Nord – 20,063,833;
 - Upgrading the 220/110/20 kV substation Arefu – 13,997,342;
 - Extending the business continuity services and post-disaster recovery in the Executive branch -14,413,918;
 - 110 kV, 220 kV and 400 kV mobile bays – 14,296,873;
 - Upgrading the 220/110/20 kV substation Raureni – 9,234,557;
 - Upgrading the 110 kV substations Bacau Sud and Roman Nord from the 400 kV axis Moldova – 15,631,945;
 - Replacing the components of EMS SCADA AREVA system, software & hardware – 11,507,136;
 - Upgrading the 220/110 kV substation Dumbrava – 11,255,630;
 - Refurbishing the 220/110 kV substation Iaz – 11,669,369;
 - Integrated security system in electric substations, stage IV – 8,022,510;
 - Replacing AT-s and transformers in electric substations, stage 2, step 2 - LOT 1 & LOT 2 – 157,815;
 - Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - 400/220/110 kV substation Resita – 58,574,215;
 - The 400 kV OHL Gadalin - Suceava, including interconnection to SEN – 6,041,923;
 - The 400 kV HVDC Link (submarine cable Romania - Turkey) – 5,853,759;
 - Research&Development Centre of LW technologies and fast intervention into SEN, Centre building – 5,773,634;
 - Extending the 400 kV substation Cernavoda, stage I+II, replacing 2 shunt reactors, connecting new lines – 8,462,546;
 - 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucharest and Bradu – 479,737;
 - The 400 kV OHL Suceava - Balti for the project section on Romanian territory - 4,439,120;
 - The 400 kV double circuit OHL Gutinas – Smardan – 4,158,128;
 - Replacing circuit breakers in electric substations – 3,748,515;
 - Upgrading the 110 kV and 400 (220 kV) installations of Substation Focsani Vest – 7,785,103;
 - Installing the 400 MVA, 400/231/22 kV AT2 and associated bays in Substation Iernut and upgrading the command control system of the 400/220/110/6 kV substation Iernut – 5,892,029;
 - Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, 400 kV double circuit OHL Resita - Timisoara - Sacalaz – 4,567,404;
 - Installing the 250 MVA transformer T3 in the 400/110 kV substation Sibiu Sud – 3,863,505;
 - Adding new functions and extending the control system keeping IT account of access in the objectives of CNTEE Transelectrica SA – 3,200,918;
 - Connecting to RET the 136 MW WPP Platonesti, Ialomita County by building a 110 kV bay in the 400/110 kV substation Gura Ialomitei – 2,889,337;
 - Integrated security system in electric substations, stage III (BA Dec. 2/2008) – 2,798,024;
 - Refurbishing the 400/110/20 kV substation Smardan – 2,682,271;
 - By-passing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV substation Ostrovul Mare – 2,578,438;
 - Connecting to RET the 99 MW WPP Dumesti and the 30 MW WPP Romanesti, Iasi County by building a 110 kV line bay in the 220/110 kV substation FAI – 2,545,853;
 - Replacing the 400/400/160 MVA 400/231/22 kV AT 3 ATUS-SF of 400/220 kV substation Portile de Fier – 1,929,620;
 - Refurbishing the 220/110/20 kV substation Ungheni – 6,159,363;
 - Upgrading the 400/220/110/20 kV substation Munteni – 5,643,474;
 - Consolidation, modernization and extension of CNTEE Transelectrica offices, the Executive branch – 1,627,393;
 - The 220 kV double circuit OHL Ostrovu Mare - RET – 414,702;
 - The 400 kV OHL Oradea – Beckescsaba – 1,485,902;
 - Integrated security system in the new 400/220/110 kV substation Banca – 1,133,202;
 - Optical fibre communication between the 220/110/20 kV substation Pitesti Sud and the remote control & installation supervision centre of UTT Pitesti (FS) – 1,118,150;
 - Upgrading the 220/110/20 kV substation Vetis, primary equipment – 2,017,228;
 - The 400 kV substation Stalpu – 1,109,440;

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Notes to the stand-alone interim financial statements on 30 September 2020

*(All amounts are provided in LEI, unless otherwise indicated)***b) Intangible assets**

The balance of intangible assets under execution on 30 September 2020 is represented by ongoing projects, which the most significant are provided below:

- Replacing the components of EMS SCADA AREVA system, software & hardware – 19,786,770;
- Implementing an Electronic Archive and Document Management system in CNTEE Transelectrica SA – 5,474,290;
- Extending the business continuity and post-disaster recovery services in the Executive branch – 351,208.

c) Financial assets

The increase in the value of financial assets amounting to 242,140 on 30 September 2020 compared 31 December 2019 was determined by the Company's affiliation to the shareholders of SOUTHEAST ELECTRICITY NETWORK COORDINATION CENTER (SEleNe CC) SOCIETE ANONYME.

Decision 3 of 6 March 2020 of the Shareholders' General Extraordinary Assembly approved the Company's participation as founder owner to the capital for establishing the Regional Centre to coordinate operational security in the coordinated calculation regions of cross-border exchange capacities from SEE (Bulgaria, Grecia, Romania) and GRIT (Greece-Italy).

d) Assets regarding the utilisation right of assets taken under leasing- buildings

The assets associated to the utilisation rights of assets taken under leasing - buildings represent the utilization right of spaces rented by the Company in Platinum office building (contract C217/2015 concluded with Dagesh Rom SRL), according to the provisions of IFRS 16 – Leasing contracts.

On 30 September 2020 the accounting value of the utilisation right for spaces rented by the Company in the Platinum office building was zero. The contract was completed on this date, a new leasing contract being under way valid for 5 years beginning with 01.10.2020 and amounting to 9,000,000 Euro (VAT free).

5. Trade and other receivables

On 30 September 2020 and 31 December 2019 trade and other receivables were as follows:

	30 September 2020	31 December 2019
Trade receivables	712,874,057	745,163,708
Other receivables	96,800,179	113,282,179
Down payments to suppliers	16,824,381	28,667,925
Collectable VAT	17,038,670	7,240,202
Allowances to impair doubtful trade receivables	(134,633,823)	(135,508,897)
Allowances to impair other receivables	(53,789,049)	(52,494,869)
Total	655,114,415	706,350,248

The structure of trade receivables was as follows:

	30 September 2020	31 December 2019
Clients on the electricity market, of which:	710,791,686	743,236,309
- Clients - operational activities – energy	426,376,849	434,980,507
- Clients - balancing market	115,632,106	133,210,225
- Clients - bonus type support scheme to promote high efficiency cogeneration	168,782,731	175,045,577
Clients from other activities	2,082,371	1,927,399
Total trade receivables	712,874,057	745,163,708

• CNTEE Transelectrica SA performs its operational activities under the Operational Licence 161/2000 issued by ANRE, updated under Decision 571/08.04.2020 of ANRE president for the provision of electricity transmission services, system services and balancing market administration.

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On 30 September 2020 clients on balance from operational activities and the balancing market registered decrease compared to 31 December 2019, mainly determined by:

- Collecting the receivables under invoices issued for the electricity market;
- Reduced volume of transactions on the balancing market in quarter III of 2020 compared to quarter IV of 2019, determining decrease of receivables found on balance on 30 September 2020 compared to 31 December 2019.

The main clients on balance from the electricity market are represented by: RAAN, Electrica Furnizare SA, MAVIR, Enel Energie Muntenia SA, Enel Energie SA, E.ON Energie Romania SA, CEZ Vanzare, Tinmar Energy, and OPCOM.

The share of main clients on the electricity market is about 50.06% in the total trade receivables.

- CNTEE Transelectrica SA carries out the activities under the bonus type support scheme to promote high efficiency cogeneration in its capacity of support scheme administrator, in accordance with the provisions of HGR 1215/2009 with later additions and amendments, the „*main attributions being to collect monthly the contribution for cogeneration and to pay bonuses every month*”.

On 30 September 2020 the Company registered collectable receivables of about 24% (31 December 2019: 23%) from the bonus type support scheme to promote high efficiency cogeneration from the total trade receivables.

Clients under the bonus type support scheme to promote high efficiency cogeneration registered decrease on 30 September 2020, mainly determined by reduced values invoiced for the collection of monthly contribution.

On 30 September 2020 the Company registered trade receivables amounting to 168,782,731 represented by invoices issued under the bonus type support scheme to promote high efficiency cogeneration, of which:

- 2011-2013 overcompensation in sum of 76,702,140 and from RAAN – 63,467,054 & CET Govora SA – 13,235,086;
- 2014 undue bonus amounting to 3,914,960 from RAAN – 1,981,235 and CET Govora – 1,933,725;
- 2015 undue bonus amounting to 563,899 from CET Govora – 534,377 and Interagro – 29,523;
- Cogeneration contribution amounting to 21,200,178 not cashed from the suppliers of electricity consumers, namely from: Transenergo Com – 5,882,073; Petprod – 4,391,193; Romenergy Industry – 2,680,620; RAAN- 2,385,922; UGM Energy – 1,504,046; CET Govora – 900,864; KDF Energy – 887,527 and others;

By the date of this financial reporting the Company fully collected the receivables associated to the overcompensation of activities of the 2019 support scheme (32,339,739) by means of bank transactions from Electrocentrale Bucharest, as well as the undue bonus established by ANRE Decisions for 2019 in sum of 15,491,904 from the following producers: Energy Complex Oltenia, Electrocentrale Bucharest, CET Govora, Energy Complex Hunedoara, Bepco SRL, Modern Calor SA, Soceram SA, Electrouilaj SA, CET Arad, Polytechnic University of Bucharest, Colonia Cluj Napoca energie SRL and Vest Energo SA.

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

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

By its submitted summons claimant Transelectrica SA requested the defendant RAAN to be obliged to pay 86,513,431.

On 19.05.2016 Mehedinti Tribunal, Section II Civil, Administrative and Fiscal Disputes pronounced hearing conclusion and ordered: “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; pronounced on 19 May 2016”; hearing term on 06.06.2019. Mention should be made file 3014/2/2014 on the docket of the HCC Justice pertained to appeal to cancel ANRE Decision 743/28.03.2014, the parties being RAAN (claimant) and ANRE (defendant). Mention should be also made the 18.09.2013 hearing conclusion issued by Mehedinti Tribunal under file 9089/101/2013 pronounced to open the general insolvency procedure against debtor 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

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Creditors according to the minutes of 28.02.2014.

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

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

Once submitting the receivable statement under RAAN's bankruptcy procedure Transelectrica SA can resort to the provisions of article 52 from Law 85/2006, applicable to RAAN's bankruptcy procedure, provisions resumed in article 90 of Law 85/2014 on the creditor's right to invoke compensation for its receivables with its debtor's to it, whenever the law-provided conditions for legal compensation are complied with on the procedure opening date. Transelectrica SA was recorded with 11,264,777 Lei in the table of debtor RAAN, in the category of receivables resulting from the debtor's uninterrupted activity. The actual amount the Company requested 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 25.03.2020 at the Appeal Court Craiova, which will refer the file to the High Court for Cassation and Justice for competent settlement.

Under the bankruptcy file of RAAN registered under no. 9089/101/2013 Mehedinti Tribunal deferred the case on the hearing term 08.10.2020. Settlement in brief: a term was granted to continue the liquidation procedures, representing the debtor's interests in the disputed found on the docket of law courts, consolidating the creditors' claims, further applying measures in view of recovering receivables, and continuing public auctions in order to capitalise the debtor's assets.

The next term was established on **04.02.2021**.

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

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

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

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

Taking into account the above, beginning with 9 May 2016 the Company ceased applying the provisions of article 17.5 from Order 116/2013 of ANRE President approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and the bonus payment for electricity generated by high efficiency cogeneration and paid monthly the cogeneration bonus to CET Govora.

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

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

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

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

The sum of 22,188,224.16 represents receivable payable by CET Govora under the support scheme amounting to 25,557,189.98, corrected with the bonus of 3,368,965.82 the Company withheld according to article 17 para 5 from Order 116/2013 of ANRE President. Taking into account the provisions of HG 925/2016 with later amendments and additions, the Company does not register allowance expenses for clients under the support scheme; the unrecovered amount of such receivables will be included in the cogeneration contributio.

Other receivables

On 30 September 2020 other receivables amounting to **96,800,179** mainly include:

- Sundry debtors (84,556,793), of which:
 - Penalties for late payment calculated to defaulting clients and amounting to 75,475,434 (of which 35,304,572 represent penalties under the support scheme). The highest late payment penalties were registered by the following clients: RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale Bucharest (9,409,174), Eco Energy SRL (8,909,843), Petprod SRL (8,894,655), Romelectro (4,285,930) Total Electric Oltenia (3,288,967), ICPE Electrocond Technologies (1,003,678). Impairment allowances were registered for the penalties calculated for late payment of receivables from operational activities;
 - Compensations owed by suppliers for their non-delivery of electricity (Arelco Power 987,555) and Enol Group (2,541,312). Impairment allowances were registered for compensations owed by suppliers from operational activities;
 - Receivable to recover from OPCOM representing VAT for the contribution in kind to the subsidiary's capital amounting to 4,517,460;
- Deferred expenses amounting to 5,167,395 mainly represented by: international ENTSO-E subscription for 2020 (1,325,459); annual contribution to ANRE for 2020 (1,228,503); down payments to the contracts concluded with electricity suppliers, as necessary to cover one's own technological consumption in future periods (1,441,429) and others;
- Other non-current assets amounting to 4,258,181, of which 4,199,505 represent securities for temporary land occupation, calculated and withheld in accordance with article 39 para (1), para (2) and para (5) of Law 46/2008 on the Forestry Code, in view of performing the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);
- Other social receivables amounting to 1,599,709 and representing medical leaves the employer paid to employees, will be recovered from the National Health Insurance House and other Social Insurance Rights according to applicable legislation.

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Down payments to suppliers

On 30 September 2020 **down payments to suppliers** are represented by debtor suppliers for provided services amounting to **16,824,381** and mainly represent sums from transactions under the price-coupling mechanism (4MMC and SIDC). The price coupling mechanism was applied beginning with 19 November 2014, date when the '4 Markets Market Coupling (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.

VAT to recover

On 30 September 2020 the Company has got VAT to recover amounting to 17,038,670.

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

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

The greatest impairment allowances on 30 September 2020, calculated for trade receivables and their associated penalties were registered for CET Govora (24,874,615), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (15,217,210), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Opcom (6,276,563), and CET Brasov (4,664,627). The Company took the following steps to recover such receivables adjusted for depreciation: court proceedings, registration in the creditors' table, requesting explanations from ANAF (for the VAT amount to be cashed from Opcom) etc.

The exposure to the collection risk and value allowances related to trade receivables are provided in Note 21.

6. Other financial assets

Other financial assets include bank deposits with initial maturity greater than 90 days.

On 30 September 2020 and 31 December 2019 the situation of other financial assets was as follows:

	30 September 2020	31 December 2019
Bank deposits with maturity beyond 90 days	-	85,000,000
Total	-	85,000,000

On 31 December 2019 bank deposits were constituted with initial maturity beyond 90 days, amounting to 85,000,000. Such bank deposits expired on 30 March 2020.

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*(All amounts are provided in LEI, unless otherwise indicated)***7. Cash and cash equivalents**

Cash and cash equivalents include cash balances, draft deposits and deposits with initial maturities up to 90 days from establishment, which have insignificant exposure to the risk of changing their fair value, and the Company uses them for the management of current commitments.

On 30 September 2020 and 31 December 2019 cash and cash equivalents were as follows:

	30 September 2020	31 December 2019
Current bank accounts and deposits, of which:	471,625,261	320,649,313
- Cash and deposits from high efficiency cogeneration	23,551,170	-
- Cash from revenues related to the allocation of interconnection capacities used for network investments	132,415,909	72,217,359
- Cash from the connection fee	27,077,822	14,967,097
- European funds	12,074,745	11,969,848
Cash desk	95,768	119,284
Other cash equivalents	20,710	50
Total	471,741,739	320,768,647

Bank deposits with initial maturity within 90 days constituted from monetary availabilities found in current accounts amounted to 227,091,309 on 30 September 2020 and to 102,285,469 on 31 December 2019.

8. Shareholders' equities

In accordance with the provisions of OUG 86/2014 establishing certain 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 Transelectrica SA.

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

On 30 September 2020 the shareholders of CNTEE Transelectrica SA are: the Romanian State represented by the Secretariat General of the Government holding 43,020,309 shares (58.69%), NN Group NV holding 4,007,688 shares (5.47%), PAVAL HOLDING holding 4,503,567 shares (6.14 %), other Legal Person shareholders holding 16,334,695 shares (22.28%) and other Natural Person shareholders holding 5,436,883 shares (7.42%).

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

The structure of shareholders on 30 September 2020 and 31 December 2019 was the following:

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Shareholder	30 September 2020		31 December 2019	
	Number of shares	% of share capital	Number of shares	% of share capital
Romanian State through the SGG	43,020,309	58.69%	43,020,309	58.69%
Other legal person shareholders	16,334,695	22.28%	15,976,281	21.80%
PAVAL HOLDING	4,503,567	6.14%	4,503,567	6.14%
NN Group NV	4,007,688	5.47%	4,007,688	5.47%
Other natural person shareholders	5,436,883	7.42%	5,795,297	7.90%
Total	73,303,142	100.00%	73,303,142	100.00%

The increase of shareholders' equities on 30 September 2020 compared to 31 December 2019 was mainly determined by registering the net profit into retained earnings on 30 September 2020.

9. Deferred revenues

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

On 30 September 2020 deferred revenues were as follows:

	30 September 2020	Of which: the current portion on 30.09.2020	31 December 2019	Of which: the current portion on 31.12.2019
Deferred revenues – allocation of interconnection capacities	4,463,441	4,463,441	5,756,780	5,756,780
Deferred revenues – European funds	2,492,409	2,492,409	2,754,235	2,754,235
Funds from the connection fee	262,601,826	14,572,694	263,162,627	20,553,019
European Funds	93,772,132	6,502,878	98,796,239	6,934,299
Other subsidies	26,772,845	913,704	27,381,076	1,211,412
Total	390,102,653	28,945,126	397,850,957	37,209,745

The development of current deferred revenues in January - September 2020 was as follows:

	30 September 2020	31 December 2019
Opening balance	37,209,745	19,329,257
Deferred proceeds regarding the interconnection capacity	42,311,440	81,579,661
Proceeds from European funds	52,806	1,228,070
Transfer from non-current deferred revenues	(6,709,454)	19,484,720
Revenues from utilisation of interconnection capacities	(43,604,778)	(83,718,947)
Revenues from European funds	(314,633)	(693,016)
Total	28,945,126	37,209,745

The development of non-current deferred revenues in January - September 2020 was as follows:

	30 September 2020	31 December 2019
Opening balance	360.641.212	411.154.679
Connection subsidies	(10.948.281)	1.175.621
Non-reimbursable funds	-	(14.307)
Non-reimbursable funds to repay	-	-
Transfer into current deferred revenues	28.606.017	(21,835,962)
Subsidies resumed into revenues	(17,141,421)	(29,838,819)
Total	361,157,527	360,641,212

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*(All amounts are provided in LEI, unless otherwise indicated)***10. Borrowings**• *Non-current loans*

On 30 September 2020 the value of non-current loans diminished in comparison with 31 December 2019, mainly due to repayments made as per the existent borrowing agreements.

In January - September 2020 there were no proceeds from loans.

The loan developments in the nine months' period ended on 30 September 2020 were as follows:

	Currency	Interest rate	Accounting value	Due date
Balance on 1 January 2020			147,425,829	
New drafts			-	
Repayments, of which:			(18,979,260)	
IBRD 7181	EUR	0.% last notification	(1,544,84)	15-Jan-2020
EIB 25709	EUR	3.596%	(11,608,880)	10-Sep-2025
EIB 25710	EUR	3.856%+2.847%	(5,825,536)	11-Apr-2028
Exchange rate differences on repayment date			2,594,061	
Balance on 30 September 2020			131,129,331	

On 30 September 2020 and 31 December 2019 the balances of non-current loans contracted from credit institutions were as follows:

Description	30 September 2020	31 December 2019
IBRD 7181	-	1,544,844
EIB 25709	58,617,963	69,034,334
EIB 25710	72,422,668	76,846,651
Total non-current loans from credit institutions, of which:	131,040,630	147,425,829
Current portion of non-current loans	(23,481,870)	(24,590,329)
Total non-current loans, net of current instalments	107,558,760	122,835,499

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

	30 September 2020	31 December 2019
From 1 to 2 years	23,481,870	23,045,485
From 2 to 5 years	70,445,612	69,136,455
More than 5 years	13,631,278	30,653,559
Total	107,558,760	122,835,499

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

All non-current borrowings, contracts EIB 25709 and EIB 25710, are bearer of fixed interest rates.

• *Current loans*

These are detailed as follows:

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	30 September 2020	31 December 2019
Current portion of non-current credits	23,481,870	24,590,329
Interest related to non-current and current loans	1,428,642	1,436,219
Draft account for high efficiency cogeneration activities	-	29,540,187
Total current loans	24,910,512	55,566,735

• *Loans contracted for cogeneration activities*

Transelectrica concluded the credit contract C733/04.04.2019 with Banca Transilvania for 12 months in order to finance the bonus type support scheme for high efficiency cogeneration as draft account amounting to 150,000,000 and interest calculated depending on the reference ROBOR 1M rate, which is added 0.50% margin.

On 24.04.2019 Addendum 1 was concluded to the contract adding the credit line by 25,000,000 from 150,000,000 to 175,000,000. The contract ended on 13.03.2020.

It was secured by means of:

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

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

On 30 September 2020 the credit line has not been used.

The credit line has been secured by means of:

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

11. Trade and other liabilities

On 30 September 2020 and 31 December 2019 trade and other liabilities were as follows:

	30 September 2020	31 December 2019
Suppliers - the electricity market	233,661,575	390,220,768
Suppliers of assets	100,664,347	73,456,090
Suppliers of other activities	29,838,590	24,171,846
Amounts owed to employees	6,901,166	6,165,643
Other liabilities	189,963,735	68,791,366
Total	561,029,413	562,805,713

On 30 September and 31 December 2019 liabilities on balance on the electricity market amounted to 233,661,575 and namely to 390,220,768 providing the following structure:

	30 September 2020	31 December 2019
Suppliers on the electricity market, of which:		
- Suppliers - operational activity - energy	114,992,905	142,742,539
- Suppliers - balancing market	49,506,430	77,630,918
- Suppliers from the bonus type support scheme to promote high efficiency cogeneration	69,162,240	169,847,311
Total	233,661,575	390,220,768

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Suppliers on the electricity market are mainly represented by: Hidroelectrica SA, Electrocentrale Bucharest, OPCOM, Mavir, Energy Complex Oltenia, Energy Complex Hunedoara, OMV Petrom, IBEX, Veolia Energie Prahova, and Veolia Energie Iasi. On 30 September 2020 their share was about 81% in the total number of electricity suppliers.

The reduced balance of liabilities related to operational activity was mainly determined by paying the payment liabilities on balance on the electricity market on 31 December 2019.

The reduced balance of liabilities related to the balancing market was determined by paying the payment liabilities found on balance on the electricity market on 31 December 2019 on due date and by the reduced volume of transactions on the balancing market in quarter III 2020 compared to quarter IV 2019.

The reduced liabilities under the support scheme to suppliers (producers) was mainly determined by a reduced value of the monthly bonus payable for September 2020 compared to the monthly bonus for December 2019.

On 30 September 2020 payment liabilities were registered to suppliers (producers) amounting to 54,552,802 (RAAN – 51,183,836 and CET Govora SA – 3,368,966), representing the monthly cogeneration bonus, ex-ante overcompensation for 2014 and 2015, the unpaid bonus in 2015 and 2016. The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld from payment according to article 17 para 5 from Order 116/2013 of ANRE president, since suppliers (producers) register 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 is uniformly managing all information received from tax-payers according to HG 685/1999.

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

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

Since ANRE Decision 738/28.03.2014 was suspended by court civil 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 increased balance of asset suppliers on 30 September 2020 compared to 31 December 2019 was due to higher volumes of investment works invoiced by asset suppliers.

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Liabilities to suppliers from other activities are mainly represented by liabilities relating to services provided by third parties and not reached to due date, which increased in comparison with 31 December 2019.

The structure of liabilities registered under “other liabilities” were as follows:

	30 September 2020	31 December 2019
Sundry creditors	119,876,664	1,618,176
Client-creditors	42,981,705	44,624,968
Dividends to pay	407,349	615,702
Other liabilities	26,698,017	21,932,520
Total	189,963,735	68,791,366

“**Sundry creditors**” amounting to 119,876,664 mainly represented on 30.09.2020:

- ✓ The net position of the support scheme for high efficiency cogeneration, a liability position in sum of 118,482,073.

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

- The value of the contribution to collect from the suppliers of electricity consumers, the overcompensated value of electricity and heat generation activities under high efficiency cogeneration, the undue bonus to cash from producers, in accordance with ANRE decision, on one hand, and
- The value of the cogeneration bonus, the ex-ante overcompensation and unpaid bonus payable by electricity producers under high efficiency cogeneration, beneficiaries of the support scheme, on the other hand.

- ✓ Royalty associated to quarter III – 236,585; study contracts 354,560; bid participation bonds 219,532 and others.

“**Client creditors**” on 30 September 2020 amounted to 42,981,705, of which 41,185,215 represent sums collected in advance from MAVIR (28,429,161) OPCOM (12,176,984) and IBEX (579,070) under transactions pertaining to the price-coupling mechanism 4MMC (4M Market Coupling) and SIDC (Single Intraday Coupling).

On 30 September 2020 unpaid **dividends owed to** Company **shareholders** amounted to 407,349. Such amounts are at the shareholders’ disposal by means of the payment agent.

“**Other liabilities**” amounting to 26,698,017 are mainly represented by:

- Performance bonds of contracts on the electricity market concluded by CNTEE Transelectrica SA amounting to 16,879,715;
- Non-requestable VAT during the reporting period amounting to 8,887,760 and others.

Provisions

On 30 September 2020 and 31 December 2019 the situation of provisions was as follows:

	30 September 2020	31 December 2019
Provisions for disputes	33,063,956	33,251,874
Provisions for mandate contracts	20,886,273	33,132,184
Provisions, employees’ participation to profit fund	44,799	44,799
Other provisions	3,579,455	3,588,993
TOTAL	57,574,483	70,017,850

On 30 September 2020 and 31 December 2019 the situation of provisions was as follows:

Provisions for disputes on balance on 30.09.2020, amounting to 33,063,956 are mainly represented by provisions constituted for the following disputes:

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

On 02.11.2018 on the docket of Bucharest Tribunal, Section VI Civil a renewed court suing was filed by Conaid Company SRL under file 36755/3/2018, whereby the claimant asked the court to compel Transelectrica SA to “remedy the prejudice caused to

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the claimant as result of the defendant's culpable non-execution of liabilities, in quantum of 17,216,093.43 Lei, representing loss actually incurred and unrealised benefit, preliminarily estimated to 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 law court will consider that in formal terms the obligation regarding suspensive conditions cannot be deemed achieved by the claimant, such non-execution is owed to the exclusive guilt of Transelectrica SA, as the defendant prevented complying with the conditions".

Pronouncement was deferred in order to bring the expertise evidence and a term was set on 21.01.2020. The case was also postponed in order to have the expertise performed and the next term was set on 31.03.2020. TERM: 31.03.2020 – Settlement in brief: Lawfully suspended according to article 42 para 6 from Decree 195/2020 of Romania's President with respect to instituting the emergency state on Romanian territory during the entire time interval of such emergency. TERM: 13.10.2020. On this term the court decided making an expertise report and set the next hearing term on 08.12.2020.

- File 2494/115/2018* - claimant Resita City (6,389,298)

By its summons the claimant requested compelling defendant CNTEE Transelectrica SA to pay the following amounts:

- 2,129,765.86 Lei, representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 Lei, representing land rent in 2016;
- 2,129,765.86 Lei, representing land rent in 2018;
- Penalty legal interest from due date until actual payment date;
- Law court expenses.

Next hearing term on: 16.11.2020

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

The file was re-registered on the docket of Bucharest Tribunal, section VI Civil. Through its summons claimant National Forest Authority Romsilva, Forestry Division Caras Severin requests compelling defendant CNTEE Transelectrica SA to pay the following amounts:

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

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

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

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

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

The settlement in brief of the Appeal Court Bucharest was: "In accordance with article 413 para (1) pt. 1 Civil Procedural Code, it suspends case settlement until final solution of file 3155/115/2018 on the docket of the High Court of Cassation and Justice. Appeal right granted during entire suspension; it was pronounced on 19.05.2020. The pronouncement will take place by placing the settlement at the parties' disposal by means of the court clerk".

- File 40814/3/2014* - claimant OPCOM SA (2,670,029)

On 24.11.2014 Subsidiary SC OPCOM SA summoned CNTEE Transelectrica SA in order to compel it paying the amount of 582,086 Euro (2,585,162 Lei at the National Bank of Romania's exchange rate of 24.11.2014), representing the amount paid by it as fine, from the total fine amount of 1,031,000 Euro applied to subsidiary OPCOM SA by the European Commission, since

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subsidiary Co. OPCOM SA paid in full the fine established by the European Commission.

Also OPCOM SA requested the law court to compel the Company paying 84,867 as legal interest for 11.06.2014 – 24.11.2014, which is added law court expenses amounting to 37,828.

On 24.07.2015 Bucharest Tribunal pronounced sentence 4275/2015 deciding as follows: “It admits the summons filed by claimant Electricity and Natural Gas Market Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA. It compels the defendant to pay the claimant 582,086.31 Euro, representing the amount the claimant paid instead of the defendant from the 1,031,000 Euro fine applied by European Commission’s Decision of 05.03.2014 in the AT.39984 case as well as legal interest for 582,086 Euro, calculated as of 11.06.2014 until actual payment date. It compels the defendant to pay the claimant 37,828 Lei as law suit expenses. Appeal right granted within 30 days from notification, to be referred to Bucharest Tribunal, Section VI Civil”.

Transelectrica SA filed appeal against sentence 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest. The Appeal Court decided as follows: “It admits the appeal; it changes entirely the civil sentence appealed against, namely it denies as groundless the summons. It compels the respondent-claimant to pay law suit expenses to the plaintiff defendant in sum of 16,129, representing judiciary stamp tax. Appeal right granted within 30 days from notification; pronounced on 10.10.2016”. Document: Ruling 1517/2016 10.10.2016.

OPCOM SA filed appeal. The High Court of Cassation and Justice decided the following:

“On the 13.03.2018 term the appeal filed by recurrent-claimant Electricity and Natural Gas Market Operator OPCOM SA against ruling 1517/10.10.2016, pronounced by the Appeal Court Bucharest, Section V Civil is admitted. It quashes the contested ruling and sends the cause for new judgment to the appeal instance; final”.

On 01.10.2018 hearing term the Appeal Court Bucharest denied the appeal as groundless and compelled the plaintiff defendant to pay 26,070.31 Lei to the respondent claimant as law suit expenses. Appeal right granted within 30 days from notification; Transelectrica filed appeal, which is under filtering procedure with ICCJ (10.11.2020 term for the filter panel).

The decrease in the dispute provisions on 30 September 2020 compared with 31 December 2019, amounting to 187,909 was due to resuming from such provision of the sum related to law suit expenses for the disputes with former Supervisory Board and Directorate members pertaining to the value of OAVT-s (options for virtual shares).

Provisions for mandate contracts on balance on 30.09.2020, amounting to 20,886,273 represent provisions constituted for the variable component requested in court by former Supervisory Board and Directorate members.

Such provision was updated in quarter III 2020 while paying some amounts representing OAVT (options for virtual shares), payment made under enforceable decisions issued by law courts.

Other provisions amounting to 3,579,177 are represented by provisions registered for work holidays not taken and provision for payable VAT estimated for the fiscal audit underway, Endorsement F-MC-326/13.11.2019_TVA period 2014-2016.

The amount of 44,799 represents mainly a **provision constituted for employees’ participation to the profit** of 2013, 2015 and 2016 financial years, amounts not granted until 30.09.2020.

12. Other tax and social security liabilities

On 30 September 2020 and 31 December 2019 other tax and liabilities for social insurance comprise:

	30 September 2020	31 December 2019
Contribution to social insurance funds	6,995,178	6,154,664
Salary tax	1,548,779	1,136,736
Other payable taxes	1,203,928	1,460,715
Total	9,747,885	8,752,115

On 30 September 2020 the Company registered payment liabilities for contributions to social insurance funds, salary tax and other taxes, such liabilities were due and paid in October 2020.

13. Income tax

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

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The income tax expense in quarter III 2020 and quarter III 2019, as well as the income tax on 30 September 2020 and 30 September 2019 was as follows:

	Q III 2020	Q III 2019	30 September 2020	30 September 2019
Current income tax	15,119,217	5,832,708	45,695,048	12,943,752
Deferred income tax	1,788,804	(1,461,026)	(1,057,574)	(3,633,764)
Total	16,908,021	4,371,682	44,637,474	9,309,988

In quarter II 2020 according to *article III, para (1.1.) from Emergency Ordinance 99/2020 of 25 June 2020 on certain fiscal measures, amending certain norms and prorogating some terms*, the Company benefitted of 10% bonification amounting to 1,430,043 calculated to the current tax owed for quarter II 2020.

In quarter I 2020 according to *article I, para (1), let. a) from Emergency Ordinance 33/2020 of 25 June 2020 on certain fiscal measures and amending certain norms*, the Company benefitted of 5% bonification amounting to 931,865 calculated to the current tax owed for quarter I 2020.

Such bonifications were calculated after paying in due term the liability of the current income tax.

14. Operational revenues**Period 01 July 2020 - 30 September 2020 compared to the period 01 July 2019 - 30 September 2019**

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

The tariff approved by ANRE for services provided on the electricity market valid in quarter III 2020 and quarter III 2019 were as follows:

	Average tariff for transmission services	Tariff of technological system services	Tariff of functional system services
Order 142/29.06.2020 - for quarter III 2020	17.97	11.96	2.49
Order 81/24.06.2019 - for quarter III 2019	17.68	13.05	1.84

There are two components in the average tariff of electricity transmission services: tariff for electricity introduction into the network (T_G) and tariff of electricity extraction from the network (T_L).

Zone tariffs of transmission rates for electricity introduction into the network (T_G) and electricity extraction from the network (T_L) were approved by ANRE Order 10/2020, beginning with 16 January 2020.

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

	01 July 2020 – 30 September 2020	01 July 2019 – 30 September 2019
Electricity quantity delivered to consumers (MWh)	13,227,781	13,370,907

Revenues achieved in quarter III 2020 and quarter III 2019 were as follows:

	01 July 2020 – 30 September 2020	01 July 2019 – 30 September 2019
Transmission revenues	236,335,031	234,765,575
Revenues from allocation of interconnection capacities	12,709,838	20,400,775
Revenues from reactive energy	98,592	265,971
Revenues from Inter TSO Compensation (ITC)	178,172	128,856
Revenues from CPT transactions	2,205,743	1,457,626

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Transmission revenues – total	251,527,376	257,018,803
Revenues from functional system services	32,937,180	24,602,396
Revenues from technological system services	158,574,455	174,972,384
Revenues from unplanned exchanges on the PZU / DAM	1,647,754	2,777,827
Revenues from failure aids	0	0
Revenues of system services – total	193,159,389	202,352,607
Revenues on the balancing market	119,967,963	125,435,228
Other revenues	9,084,358	14,367,244
Total revenues	573,739,086	599,173,882

Transmission revenues

Transmission service revenues registered increase by 1,569,456 in quarter III 2020 compared to quarter III 2019, determined by higher average tariff for transmission services approved by ANRE (according to the previous table of ANRE-approved tariffs in the studied periods), while the electricity quantity delivered to consumers diminished by 1.07%, namely 143,126 MWh.

Revenues from the allocation of interconnection capacities

In quarter III 2020 revenues from the allocation of interconnection capacities registered decrease amounting to 7,690,937 compared to quarter III 2019, corresponding to the utilisation degree of available interconnection capacity by the traders on the electricity market.

The market allocating the interconnection capacities is fluctuating, prices are developed according to demand and to the need of participants on the electricity market to procure interconnection capacity. Reduced revenues from the allocation of interconnection capacity registered in the studied period is owed to the participants' smaller interest to procure interconnection capacity, and electricity has been transacted more on the internal market.

The mechanism allocating the interconnection capacities consists in organising annual, monthly, daily and intraday auctions. The annual, monthly and intraday ones are explicit - as only the transmission capacity is transacted, while the daily bids are implicit - as capacity is simultaneously allocated with the electricity by the coupling mechanism.

Beginning with 19 November 2014 the regional energy exchange was established by Romania, Hungary, Czech Republic and Slovakia, which means these four countries should reach to a single electricity price as transacted on spot markets. The capacity between Romania and Hungary, the only country of the 3 Romania has frontier with is allocated by transporters: Transelectrica and MAVIR by means of common mechanism under a bilateral agreement.

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

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

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

Revenues from CPT transactions

Revenues from electricity transactions to cover CPT were mainly achieved by selling the excess electricity on the Intraday Market managed by OPCOM and under BRP CIGA ENERGY on the Balancing Market. At the end of November 2019 the coupled intraday market operation was launched Europe-wide under the XBID/SIDC project, which provided higher market liquidity and diversified the transacted products.

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Such revenues were higher by 748,117 in quarter III 2020 compared to quarter III 2019, taking into account the imbalances of Transelectrica were counter-wise to the imbalances of BRP CIGA ENERGY; thus the sale of excess electricity was better under the BRP than on the Balancing Market.

Revenues from functional system services

Such revenues registered increase by 8,334,784 in quarter III 2020 compared to quarter III 2019, determined by higher tariff approved by ANRE for these services (according to the previous table of ANRE-approved tariffs in the studied periods), while the electricity quantity delivered to consumers diminished by 1.07%, namely by 143,126 MWh.

Revenues from technological system services

Such revenues registered decrease by 16,397,929 in quarter III 2020 compared to quarter III 2019 determined by reduced tariff approved by ANRE for such services (according to the previous table of ANRE-approved tariffs in the studied periods) and by the electricity quantity delivered to consumers diminished by 1.07%, namely by 143,126 MWh.

In quarter III 2020 revenues from technological system services were higher by 35,229,547 compared to the expenses made to procure technological system services.

Revenues on the balancing market

Revenues achieved on the balancing market decreased by 5,467,265 in quarter III 2020 compared to quarter III 2019, mainly determined by the following issues:

- Reduced negative imbalance registered with electricity suppliers on the balancing market;
- The contracting mode on the markets before the balancing one;
- The development of hydraulicity;
- The development of the average deficit price registered on the balancing market;
- Reduced electricity consumption according to the regulations issued by the Public Central Administration to prevent spreading Covid-19;

The balancing market represents a zero profit activity segment for the Company.

Period 01 January 2020-30 September 2020 compared to the period 01 January 2019-30 September 2019

Tariffs approved by ANRE for services provided on the electricity market during the studied intervals were as follows:

	Average transmission tariff	Tariff of technological system services	Tariff of functional system services
Order 142/29.06.2020 for 01 July – 30 September 2020	17.97	11.96	2.49
Order 10/15.01.2020 for 16 January – 30 June 2020	17.97	13.05	1.84
Order 218/11.12.2019 for 01 January – 15 January 2020	18.33	13.05	1.84
Order 81/24.06.2019 for 01 July – 30 September 2019	17.68	13.05	1.84
Order 108/20.06.2018 for 01 January – 30 June 2019	18.13	10.44	1.11

The electricity quantity delivered to consumers from 01 January 2020 to 30 September 2020, namely from 01 January 2019 to 30 September 2019 was as follows:

	01 January 2020 – 30 September 2020	01 January 2019 – 30 September 2019
Electricity quantity delivered to consumers (MWh)	39,483,535	41,291,340

Revenues achieved in 01 January 2020-30 September 2020 and in 01 January 2019-30 September 2019 were as follows:

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	01 January 2020 – 30 September 2020	01 January 2019 – 30 September 2019
Transmission revenues	706,520,613	738,840,846
Revenues from allocation of interconnection capacities	44,042,820	62,432,499
Revenues from reactive energy	230,396	977,119
Revenues from Inter TSO Compensation (ITC)	2,115,802	823,926
Revenues from CPT transactions	5,875,298	6,081,653
Transmission revenues – total	758,784,929	809,156,043
Revenues from functional system services	81,248,377	55,594,119
Revenues from technological system services	501,949,769	470,458,939
Revenues with unplanned exchanges on the DAM	2,429,821	4,056,256
Revenues from failure aids	0	0
Revenues from system services – total	585,627,967	530,109,314
Revenues on the balancing market	286,031,513	405,364,762
Other revenues	33,255,944	38,541,535
Total revenues	1,663,700,353	1,783,171,654

Transmission revenues

Such revenues registered decrease of 32,320,233 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019, determined by 4.38% diminished electricity quantity delivered to consumers, namely by 1,807,805 MWh, while the average tariff approved by ANRE for such services was almost equal in the 2 studied periods (according to the previous table of ANRE-approved tariffs in the studied periods).

Revenues from the allocation of interconnection capacities

Such revenues registered decrease by 18,389,679 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019, corresponding to the utilisation degree of available interconnection capacity by traders on the electricity market.

Revenues from Inter TSO Compensation (ITC)

Such revenues were higher by 1,291,876 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019 because the electricity imported/exported/transited was higher than last year and the import/export/transit tariff applied increased in 2020.

Revenues from CPT transactions

Such revenues were smaller by 206,355 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019 because of the transactions on the Balancing Market in March-June. During this period the excess electricity was smaller than last year, the value of forecasted CPT being closer to the actual value and the electricity sale price was lower than in 2019 (average price of about 136 Lei/MWh compared to 180 Lei/MWh).

Revenues from functional system services

Such revenues registered increase by 25,654,258 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019, as determined by higher tariff approved by ANRE for such service (according to the previous table of ANRE-approved tariffs in the studied periods), while the electricity quantity delivered to consumers diminished by 4.38%, namely 1,807,805 MWh.

Revenues from technological system services

Such revenues increased by 31,490,830 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019, as determined by higher tariff approved by ANRE for such services (according to the previous table of ANRE-approved tariffs in the studied periods), while the electricity quantity delivered to consumers diminished by 4.38%, namely 1,807,805 MWh.

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From 01 January 2020 to 30 September 2020 revenues from technological system services were higher by 80,389,244 compared to the expenses made to procure technological system services. This amount increases the Company's gross profit recorded on 30 September 2020.

Revenues on the balancing market

Such revenues diminished by 119,333,249 in 01 January 2020-30 September 2020 compared to 01 January 2019-30 September 2019, mainly determined by the following issues:

- Reduced negative imbalance registered with electricity suppliers on the balancing market;
- The contracting mode on the markets before the balancing one;
- The development of hydraulicity;
- The development of the average deficit price registered on the balancing market;
- Reduced demand for electricity (consumption) because the winter season was milder;
- Reduced electricity consumption according to the regulations issued by the Public Central Administration to prevent spreading Covid-19;

The balancing market represents a zero profit activity segment for the Company.

15. Expenses to operate the system and the balancing market**Period 01 July 2020-30 September 2020 compared to the period 01 July 2019-30 September 2019**

Expenses made in quarter III 2020 compared to quarter III 2019 were as follows:

	01 July 2020 – 30 September 2020	01 July 2019 – 30 September 2019
Expenses regarding one's own technological consumption	60.387.669	68.244.215
Congestion expenses	1.650	0
Expenses for electricity consumption in RET substations	3.242.260	4.390.032
Expenses regarding functional system services	8.864.628	8.679.801
Expenses with Inter TSO Compensation (ITC)	2.367.582	6.987.142
Total operational expenses	74.863.789	88.301.190
Expenses regarding technological system services	123.344.908	143.681.857
Expenses regarding the balancing market	119.967.963	125.435.228
Total expenses	318.176.660	357.418.275

Expenses regarding one's own technological consumption (losses)

They represent expenses to procure electricity on the free electricity market to cover one's own technological consumption (CPT) within RET and were smaller by 7,856,546 in quarter III 2020 compared to quarter III 2019, taking into account certain issues such as:

- In the epidemiologic context generated by COVID-19 (coronavirus) spreading, the average price on the DAM was about 40% lower than in the same period of last year;
- The average price of electricity procured on the Balancing Market dropped significantly by about 25%, in the context of Transelectrica imbalances contrary-wise to the imbalances of the BRP CIGA ENERGY, thus the balance of imbalances was about half that of last year;
- Beginning with 1 September 2020 ANRE Order 61/2020 came in force, which has led to some important changes on the balancing market, of which the possibility to register negative excess prices. In September such prices were registered in most time intervals, which has led to higher CPT cost because the excess electricity sold on the balancing market does no longer bring revenues but generates additional costs;

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Expenses regarding electricity consumption within RET substations

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

Such expenses recorded decrease of 1,147,772 in quarter III 2020 compared to quarter III 2019, because of lower electricity procurement prices which were included in the electricity supply contracts concluded for 2020.

Expenses regarding functional system services

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

Such expenses increased by 184,827 in quarter III 2020 compared to quarter III 2019, mainly determined by higher expenses with unplanned exchanges on the day-ahead market.

Expenses with Inter TSO Compensation (ITC)

Such expenses amounting to 2,367,582 represent the monthly payment/collection rights of each transmission and system operator (TSO). They are established under the compensation / settlement mechanism for the effects of using the electricity transmission network (RET) for electricity transits between the TSO of the 35 countries that adhered to this mechanism of the ENTSO-E. In quarter III 2020 such expenses were lower by 4,619,560 compared to the same period of last year, the difference resulting from regularised estimations of expenses.

Expenses regarding technological system services

In quarter III 2020 such expenses registered decrease by 20,336,949 in quarter III 2019 taking into account the high concentration of the market of such technological system services for secondary reserve (RS) and fast tertiary (RTR), as well as the procurement prices of technological system services being maintained on the competitive market of the frequency restoration reserve (RS) and the replacement reserve (RTR) around the values recorded in 2019 during the studied period.

Technological system services the Company procures from producers in order to maintain the safe operation of SEN and the quality of electricity transmitted at parameters requested by applicable technical norms.

Such services can be contracted as follows:

- Under regulated regime based on Governmental Decisions and the Decisions of the National Regulatory Authority in the Energy Domain (ANRE);
- By means of competitive mechanisms;

In quarter III 2020 technological system services were procured under regulated regime according to ANRE Decision 1078/2020 (from the Company Generating Electricity in Hydropower Plants Hidroelectrica SA) and to ANRE Decision 1211/2020 (from Company Energyc Complex Hunedoara SA).

CNTEE Transelectrica SA re-invoices the value of technological system services procured from producers to electricity suppliers licensed by ANRE that benefit of such services in the end.

Expenses regarding the balancing market

Such expenses result from the notifications / achievements of participants on this market, being fully covered by the revenues achieved on the balancing market. In quarter III 2020 they amounted to 119,967,963.

Period 01 January 2020-30 September 2020 compared to the period 01 January 2019-30 September 2019

Expenses made from 01 January 2020 to 30 September 2020 compared to 01 January 2019-30 September 2019 were:

	01 January 2020 – 30 September 2020	01 January 2019 – 30 September 2019
Expenses regarding one's own technological consumption	173,741,510	213,361,736
Congestion expense	1,650	1,652,204
Expenses regarding electricity consumption in RET substations	12,133,589	15,079,582
Expenses regarding functional system services	21,425,570	27,133,978
Expenses with Inter TSO Compensation (ITC)	10,458,874	10,890,122

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Total operational expenses	217,761,193	268,117,622
Expenses regarding technological system services	421,560,525	496,812,381
Expenses regarding the balancing market	286,031,513	405,364,762
Total expenses	925,353,231	1,170,294,765

Expenses regarding one's own technological consumption

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

Such expenses were lower by 39,620,226 from 01 January 2020 to 30 September 2020 compared to 01 January 2019-30 September 2019, taking into account certain issues such as:

- In the epidemiologic context generated by COVID-19 (coronavirus) spreading, the average price on the DAM provided deep decreasing trend beginning with January 2020;
- The average price of electricity procured on the Balancing Market dropped significantly, in the context of Transelectrica imbalances contrary-wise to the imbalances of the BRP CIGA ENERGY, thus the balance of imbalances was about half that of last year;

Expenses regarding electricity consumption within RET substations

Such expenses decreased by 2,945,993 from 01 January 2020 to 30 September 2020 compared to 01 January 2019-30 September 2019, because the electricity procurement prices were lower in the electricity supply contracts concluded for 2020.

Expenses regarding functional system services

Such expenses decreased by 5,708,408 from 01 January 2020 to 30 September 2020 compared to 01 January 2019-30 September 2019, mainly determined by reduced expenses on the balancing market regarding the unplanned electricity exchanges with neighbouring countries interconnected to SEN.

Expenses with Inter TSO Compensation (ITC)

ITC expenses amounting to 10,458,874 were 431,248 smaller in the studied period compared to the same period of last year.

Expenses regarding technological system services

The Company procures technological system services from producers with a view to maintain a safe operation of the SEN and the quality of electricity transmitted at parameters requested by applicable technical norms.

Such services are contracted as follows:

- Under regulated regime based on Governmental Decisions and the Decisions of the National Regulatory Authority in the Energy Domain (ANRE);
- By means of competitive mechanisms;

From 01 January 2020 to 30 September 2020 technological system services were procured under regulated regime according to ANRE Decisions 1551/2019 and 1078/2020 (from the Company Generating Electricity in Hydropower Plants Hidroelectrica SA), ANRE Decisions 2212/2019 and 1211/2020 (from Company Energy Complex Hunedoara SA), ANRE Decision 1851/2019 (from Company Electrocentrale Galati SA), as well as according to HG 593/12.08.2019 approving the "Measures regarding the safety and operational security of the National Power System from 1 November 2019 to 31 March 2020".

Such expenses registered decrease by 75,251,856 from 01 January 2020 to 30 September 2020 compared to 01 January 2019-30 September 2019, mainly influenced by the following factors:

- Procurement prices for technological system services on the competitive market from 01 January 2020 to 30 September 2020 maintained around the values registered in the same period of 2019 for frequency restoration reserve (RS) and replacement reserve (RTR);
- From 01 January 2020 to 30 September 2020 a high concentration was maintained on the technological system services market for frequency restoration reserve (RS) and replacement reserve (RTR).

CNTEE Transelectrica SA re-invoices the value of technological system services procured from producers to electricity suppliers licensed by ANRE that benefit of such services in the end.

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Such expenses amounted to 286,031,513 from 01 January 2020 to 30 September 2020 following the development provided under the chapter *Revenues on the balancing market*.

They result from the notifications / achievements of participants on this market, being fully covered by revenues from the balancing market.

16. Personnel expenses

	01 July 2020 – 30 September 2020	01 July 2019 – 30 September 2019
Personnel salary expenses	51,005,154	43,662,454
Social expenses	4,265,580	3,393,408
Expenses with tickets granted to employees	4,221,230	4,476,820
Expenses related to the mandate contract and other committees, commissions	768,696	575,013
Expenses regarding social insurance and protection	7,262,259	3,156,491
Provisions constituted for salary expenses and assimilated	(1,654)	(1,740)
Other expenses	302,445	344,432
Total	67,823,710	55,606,878

Personnel expenses made in quarter III 2020 compared to quarter III 2019 registered increase, mainly determined by higher expenses with personnel salaries, social expenses, expenses related to the mandate contracts (Directorate, Supervisory Board). At the same time in quarter III 2020 expenses of social insurance and protection increased by 3,627,782 as this amount represents the company's contributions to social insurance associated to the OAVT-s paid in August and September 2020 according to enforceable law court settlements.

	01 January 2020 – 30 September 2020	01 January 2019 – 30 September 2019
Personnel salary expenses	144,369,284	132,408,065
Social expenses	5,732,162	6,331,852
Expenses with tickets granted to employees	7,586,435	7,664,920
Covid-19 expenses- Food advantage, taxable	1,003,974	0
Expenses related to the mandate contract and other committees, commissions	2,285,847	1,730,372
Expenses regarding social insurance and protection	14,370,958	9,522,670
Provisions constituted for salary expenses and assimilated	(9,816)	(7,471)
Other expenses	812,366	834,062
Total	176,151,210	158,484,470

Personnel expenses made from 01 January 2020 to 30 September 2020 compared to 01 January 2019-30 September 2019 registered increase, mainly determined by higher expenses for personnel salaries, for the mandate contracts (Directorate, Supervisory Board), by registering the expenses "Covid-19- food advantage, taxable" during the studied interval of 2020 representing amounts necessary to provide food to essential personnel during isolation on the job (isolation generated by the Covid-19 pandemic), as well as higher expenses regarding social insurance and protection, taking into account in quarter III 2020 the amount of 3,627,782 was registered representing company contributions to social insurance related to OAVT-s paid according to enforceable law court settlements received by the Company.

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	01 July 2020 – 30 September 2020	01 July 2019 – 30 September 2019
Other expenses with services provided by third parties	15,293,490	15,431,424
Postal expenses and telecommunication fees	207,024	237,057
Royalty and rent expenses	342,014	333,267
(Net) operational expenses regarding impairment allowances for current assets	131,132	88,447
Other expenses, of which:	19,923,187	22,147,392
- (Net) expenses regarding provisions constituted for other operational expenses	(12,295,485)	(13,310)
- Expenses regarding OAVT-s as per law court rulings	20,702,848	0
- Tax expenses (ANRE fee, natural monopoly tax, other local taxes)	6,123,068	12,565,652
- Expenses regarding merchandise	187,482	1,412,485
- Expenses with internal and external travels	427,130	1,061,231
- Expenses generated by Covid-19 pandemic	59,074	0
- Other operational expenses	4,719,070	7,121,334
Total	35,896,847	38,237,587

In quarter III 2020 other operational expenses registered diminution by 2,340,740 compared to quarter III 2019, determined by the variation of certain expense items such as:

- Decrease of (net) expenses regarding provisions constituted for other operational expenses, taking into account the provisions for OAVT-s were resumed into revenues;
- Recording the expenses for OAVT-s paid under enforceable ruling by law courts (performance bonus for OAVT Certificates granted to former Directorate and Supervisory Board members based on the mandate contracts concluded in 2013 - 2017);
- Diminished expenses regarding taxes because of reduced quantum of the annual ANRE fee to 0.2% from the turnover of CNTEE Transelectrica SA compared to 2% applied last year, according to the provisions of ANRE Order 1/2020 approving the tariffs and monetary contributions charged by the National Regulatory Authority in the Energy Domain in 2020;
- Diminished merchandise expenses, internal & external travel expenses etc.;
- Expenses were registered as generated by the Covid-19 pandemic (medicine, hygiene, protection), extraordinary expenses occurring in the current context of crisis in the public health domain (Covid-19 pandemic), the emergency / alert state instituted by authorities and the measures established by the Company based on its own business continuity plans.

	01 January 2020 – 30 September 2020	01 January 2019 – 30 September 2019
Other expenses with services executed by third parties	46,921,015	44,970,991
Postal expenses and telecommunication fees	600,573	687,373
Royalty and rent expenses	1,020,041	1,035,542
(Net) operational expenses regarding impairment allowances for current assets	411,365	892,768
Other expenses, of which:	40,090,375	29,621,907
- (Net) expenses regarding provisions constituted for other operational expenses	(12,298,616)	(31,276,576)
- Expenses regarding OAVT-s as per law court rulings	20,702,848	0
- Tax expenses (ANRE fee, natural monopoly tax, other local taxes)	15,992,128	38,110,858
- Expenses regarding merchandise	327,413	3,257,290
- Expenses with internal and external travels	1,322,049	3,495,134
- Expenses regarding international subscriptions	3,984,498	3,416,700
- Expenses generated by the Covid-19 pandemic	1,108,088	0
- Other operational expenses	8,951,967	12,618,501
Total	89,043,369	77,208,581

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From 01 January 2020 to 30 September 2020 other operational expenses registered increase amounting to 11,834,788 in comparison with 01 January 2019 - 30 September 2019, determined by the variation of certain expense items such as:

- Increase of (net) expenses regarding provisions constituted for other operational expenses by resuming the OAVT-s provisions into revenues compared to cancelling the provision amounting to 31,180,858 in 01 January 2019-30 September 2019, constituted for the dispute with ASITO KAPITAL SA;
- Registering the OAVT expenses paid according to enforceable law court rulings;
- Diminished tax expenses because of reduced quantum of the annual ANRE fee to 0.2% from the turnover of CNTEE Transelectrica SA compared to 2% applied last year, according to the provisions of ANRE Order 1/2020 approving the tariffs and monetary contributions charged by the National Regulatory Authority in the Energy Domain in 2020;
- Increase of other expenses with services provided by third parties, expenses of civil protection and guard etc.;
- Diminished expenses regarding merchandise, reduced expenses with internal and external travels, of protocol expenses, of study and research expenses, of expenses for transportation of goods and personnel etc.;
- Registering expenses generated by the Covid-19 pandemic (food, medicine, hygiene, protection), extraordinary expenses occurring in the current context of the crisis in public health (Covid-19 pandemic), the emergency/alert state instituted by authorities and the measures established by the Company based on its own business continuity plans.

18. Net financial result

	01 July 2020 – 30 September 2020	01 July 2019 – 30 September 2019
Interest revenues	1,685,366	1,365,429
Revenues from exchange rate differences	1,123,085	481,678
Other financial revenues	242,795	1,815
Total financial revenues	3,051,246	1,848,922
Interest expense	(1,484,549)	(2,469,070)
Expenses from exchange rate differences	(1,692,610)	(1,226,080)
Total financial expenses	(3,177,159)	(3,695,150)
Net financial result	(125,913)	(1,846,228)

	01 January 2020 – 30 September 2020	01 January 2019 – 30 September 2019
Interest revenue	5,421,682	3,833,189
Revenues from exchange rate differences	2,305,929	3,613,341
Other financial revenues	271,973	162,340
Total financial revenues	7,999,584	7,608,870
Interest expense	(5,546,296)	(6,847,710)
Expenses from exchange rate differences	(4,483,947)	(7,028,143)
Total financial expenses	(10,030,243)	(13,875,853)
Net financial result	(2,030,659)	(6,266,983)

On 30 September 2020 the Company registered net financial result (loss) amounting to 2,030,659 and lower by 4,236,324 compared to the one recorded in the similar interval of 2019. It was mainly influenced by the development of the exchange rate of our national currency against the foreign currency in which the Company has contracted bank loans to finance its investment plans (Euro).

The national currency's exchange rate registered on 30 September 2020 in comparison with that recorded on 30 September 2019 was as follows:

Currency	30.09.2020	30.09.2019
Lei / Euro	4.8698	4.7511

19. Disputes and contingencies

i) Disputes in progress

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

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

• AUTONOMOUS AUTHORITY FOR NUCLEAR ACTIVITIES

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

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

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

The appeal was registered on the docket of the High Court of Cassation and Justice that decided to reverse decision 843/2015 and to remand the case for retrial to the same court, the Appeal Court of 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 for payment the bonus owed to RAAN under the support scheme according to the provisions of ANRE regulations, namely article 17 para 5 from Order 116/2013 of ANRE president.

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

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

Transelectrica SA was recorded in the table of debtor RAAN with only 11,264,777 Lei, under receivables resulting from continued activities of such debtor but the amount the Company requested was 89,360,986 Lei. The sum of 78,096,209 Lei was not registered in the preliminary receivables table because "it does not appear as owed amount in the accounting books of RAAN". Moreover the judiciary liquidator considered the request to register in the table the sum of 78,096,209 Lei has been executed lateas 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 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 accrued during the procedure, judging to record it in the creditors' table constituted against debtor RAAN. The other associated demands are denied. In accordance with article 453 para 2 from the Civil Procedural Code it compels the

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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 163/20.06.2019.

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

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

On 26.03.2020 the hearing term was changed and the following one was set for 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, and new term set on 03.02.2020.

On 11.06.2020 Mehedinti Tribunal deferred the case under RAN's bankruptcy file 9089/101/2013. Settlement in brief: a 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' amounts, to continue applying the measures in view of recovering trade receivables and to continue public auctions pertaining to capitalising the debtor's assets.

The following term was established on **04.02.2021**.

• COURT OF AUDIT

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

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

Transelectrica filed appeal on 14.06.2019. The following term was established on **28.10.2021**.

As result of an audit conducted in 2017 the Court of Audit issued certain measures to be implemented by the Company as it ascertained certain deficits. CNTEE Transelectrica SA filed 8 contestations against the measures decided by Romania's Court of Audit (CCR) by Decision 8/27.06.2017, requesting their cancellation as well as cancelling the Conclusion 77/03.08.2017, registered in the Company under number 29117/08.08.2017, as well as the Audit Report 19211/26.05.2017.

Contestations are under settlement as follows:

- On the docket of the Appeal Court Bucharest (2 files: 6576/2/2017 on cancelling the findings regarding items 7.1, 7.2 and 8, as well as the measure decided in item II.10, hearing term on 15.09.2020 and file 6581/2/2017 on cancelling the findings regarding item 6, and the measure decided in item II.9, hearing term on 09.10.2020),
- On the docket of the High Court of Cassation and Justice (5 files: 6577/2/2017 on cancelling the findings regarding item 13, and the measure decided in item II.13, no hearing term established; file 6578/2/2017 on cancelling the findings regarding item 9 and the measure decided in item II.11, no hearing term established; file 6580/2/2017 on cancelling the findings regarding item 10 and the measure decided in item II.12, term on 04.02.2021; file 6582/2/2017 on cancelling the findings regarding item 11 and the measure decided in item I.5, term on 29.09.2020; file 6574/2/2017 on cancelling the findings regarding item 5.2 and the measure decided in item II.8, term on 20.04.2021), and a file with final settlement with the cancellation request denied by the Appeal Court Bucharest and appeal denied by the High Court of Cassation and Justice (file 6583/2/2017 on cancelling the findings regarding item 5.1 and the measure decided in item II.7).

• ANRE

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

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On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancelled annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken for the calculation of the regulated rate of return (RRR) by ANRE according to the Methodology establishing the tariffs of electricity transmission services approved by ANRE Order 53/ 2013 ("Methodology") determined the RRR at 7.7%.

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

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

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

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

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

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

On 23.06.2020 the case was deferred to enable the parties to get acquainted with the answer to objections. On the 21.07.2020 hearing term the case was deferred and the settlement was: letter to the expert to show up in court.

On 06.10.2020 the request was denied by the following settlement in brief: the exception of inadmissibility was denied as groundless. The entire suit was denied as groundless; appeal right granted within 15 days from notification. It was pronounced by placing the settlement to the parties' disposal by means of the court clerk; ruling 362/2020.

Mention should be made the dispute did not influence the relation with ANRE nor the Company's financial results.

• OPCOM

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

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

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

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

At the hearing session on 24.07.2015 the court admitted the summons filed by claimant Gas and Electricity Market Operator OPCOM SA in contradiction with the National Power Grid Company Transelectrica SA and compelled the defendant to pay 582,086.31 Euro to the claimant representing the amount which the claimant paid instead of the defendant from the fine amounting to 1,031,000 Euro applied by the European Commission's Decision of 05.03.2014 in case AT.39984, as well as associated legal interest to 582,086.31 Euro, calculated as of 11.06.2014 until actual payment. Also the court compelled the defendant to pay 37,828 Lei to the claimant as law suit expenses; appeal right granted within 30 days from notification. Transelectrica SA filed appeal against sentence 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

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

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

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

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

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

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

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

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

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

On 22.11.2019 under file 34249/3/2019 the settlement in brief was the following: Taking into account the provisions of article 94 para 3 from Internal Order Regulation of Law Courts, approved by CSM decision 1375/2015, according to which the appeal modes declared against the same ruling are settled by the initial panel and taking into consideration both the creditor and the debtor filed cancellation requests against the hearing conclusion 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decided referring this file to settlement by the first panel assigned with settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely Panel 11 AO initially attributed file 34022/3/2019 with respect to cancellation request. Cancellation requests are registered under file 34022/3/2019 with hearing term on 11.03.2020. Settlement in brief: lawfully suspended according to article 63 para 11 of annex 1 to the Decree 240/2020 of Romania's President regarding extension of the emergency state on Romanian territory. Document: Ruling 06.05.2020.

On 06.05.2020 the file was suspended because of the emergency state.

The following term was set on **04.11.2020**.

• ASITO KAPITAL SRL

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

The Company constituted a provision for disputes amounting to 31,180,858 Lei taking into account the cancellation request filed by ASITO KAPITAL SA against decision 4067/2017.

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

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Ruling 4067/07.11.2017 was executed and notified to both parties on 17.10.2018.

On 01.11.2018 Ruling 4067/07.10.2017 was legalised and submitted to BEJ Raileanu in view of executing the enforcement title.

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

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

In case of file 35865/3/2018 (former file 24552/3/2017) the hearing term was established on 19.02.2019 in order to settle the cancellation request for the payment ordinance providing return of 31.2 mill Lei. Pronouncement was deferred for 20.03.2019.

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

It denied as inadmissible the request with respect to reversing the enforcement.

It denied as groundless the request to return the stamp tax relating to the request with respect to reversing the enforcement.

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

Document: Ruling 743/2019 / 20.03.2019.

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

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

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

The following term under file 28445/3/2017 (3055/2019) was set on 18.05.2020.

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

A cancellation suit was submitted to review file 35865/3/2018, which was included in file 18109/3/2020; on the 24.09.2020 term the case was deferred to enable the claimant to indicate the respondent in appeal's address; term: **19.11.2020**.

• CONAID COMPANY SRL

In 2013 Conaid Company SRL summoned CNTEE Transelectrica 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

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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 to perform the expertise and the following term was set on 31.03.2020.

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

The new hearing term was established on **08.12.2020** – to administer the expertise evidence.

• FF WIND ENERGY INTERNATIONAL SRL

File 47332/3/2017 on the docket of Bucharest Tribunal, Section VI Civil, whereby Company FF Wind Energy International SRL requests in contradiction with CNTEE Transelectrica SA: cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295; compelling the Company to pay 32,777,167.35 Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

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

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

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

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

On the 13.10.2020 hearing term the settlement was: filter – the appeal request was admitted in principle with the following details: it denied the exception of appeal nullity mentioned by the respondent in appeal Transelectrica SA by legal contest. It admitted in principle the appeal of claimant FF Wind Energy International SRL by its judiciary administrator Aktiv Lex

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Insolvency SPRL against civil ruling 1191 of 23 July 2019 pronounced by the Appeal Court of Bucharest.

The next hearing term was established on **26.01.2021**.

• ROMENERGY INDUSTRY

File 2088/107/2016 on the docket of Alba Tribunal pertained to “Bankruptcy - Request to be recorded in the creditors’ table”.

Transelectrica submitted request to be recorded in the creditors’s table with 16,112,165.18 mill Lei, the trade receivable was admitted and registered in the preliminary Table.

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

On the hearing term of 27.01.2020 the verification term was set on 11.05.2020 in order to continue the bankruptcy procedure by capitalising the assets and recovering trade receivables. The judiciary liquidator will execute and submit to the file: - on each 15th day of the month for the previous month – the monthly reports provided in para 1 of article 59 from Law 85/2014; - for the verification term, 5 days before such term, the synthesis report at 120 days, as provided in the final part of para 3 of article 59 from Law 85/2014.

On the 11.05.2020 term judgment was lawfully suspended during the emergency state instituted on Romania’s territory.

On the 22.06.2020 term the case was deferred; settlement in brief: the report on the funds obtained by liquidating the debtor’s goods was approved, as well as the distribution plan of 03.06.2020.

On the 05.10.2020 term the case was deferred; settlement in brief: a term was set on **18.01.2021** to continue the bankruptcy procedure by capitalising the assets found in the debtor’s property. The judiciary liquidator will execute and submit to the file: - on each 15th day of the month for the previous month – the monthly reports provided in para 1 of article 59 from Law 85/2014; - for the verification term, 5 days before such term, the synthesis report at 120 days, as provided in the final part of para 3 of article 59 from Law 85/2014.

• DAGESH ROM

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

Settlement of TMB

1. It admitted the write-off exception with respect to the claims represented by: - rent difference requested for 04.03.2012 - 12.05.2012; related penalties requested as rent difference calculated for 04.03.2012 - 12.05.2012; service fee difference asked for the interval 04.03.2012 - 12.05.2012; related penalties requested as service fee difference calculated for 04.03.2012 - 12.05.2012. It denied such claims as being written-off.

2. It denied the other claims as groundless.

3. It compelled the claimant to pay 2,250 Lei as law suit expenses to the defendant.

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

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

Both parties filed appeal which was judged on 12.11.2019. The settlement pronounced by the High Court of Cassation and Justice: it denied as groundless the appeals filed by the recurrent-claimant Co. DAGESH ROM SRL and the recurrent-defendant National Power Grid Company Transelectrica SA against civil ruling 810A/2018 of 20 April 2018, pronounced by the Appeal Court Bucharest, Section VI Civil.

It denied the requests filed by the recurrent-claimant SC DAGESH ROM SRL and by the recurrent-defendant the National Power Grid Company Transelectrica SA with respect to granting law court expenses; final.

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• RESITA CITY

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

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

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

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

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

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

• ANAF

A general fiscal inspection was conducted in the offices of Transelectrica SA targeting the time interval December 2005 – December 2010, which was completed in 2017.

Such general fiscal inspection 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 from 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 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 din 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.

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Settlement in brief: It admitted the judgment suspension request filed by the contestator. 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.

Case file 1802/2/2018 is found on the docket the Appeal Court by which the Company contested the fiscal administrative document - 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 on: 12.05.2020.

CAB deferred pronouncement on the 21.07.2020 hearing term.

On 30.07.2020 the case was placed back on the docket for additional explanations.

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

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• OTHERS

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

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

At the same time the Company is also involved in disputes with former Directorate and Supervisory Board members as regards their mandate contracts concluded with the Company. The Company has constituted provision for such disputes.

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

ii) Contingencies

• Audit of ANAF-DGAMC

Audits are ongoing in the Company's offices such as Fiscal audit of the Ministry of Public Finance, ANAF - DGAMC which began on 20.12.2019 and pertains to *"checking the legality and compliance of fiscal returns and / or relevant fiscal audit operations, the fairness and accuracy of achieved obligations regarding establishment of taxation bases and main fiscal liabilities under the value added tax from 01.01.2014 to 31.12.2016"*.

As of the current date such action has been suspended and it will be resumed on a date to be notified by ANAF.

• Court of Audit from Romania

In January-July 2020 Romania's Court of Audit was in control in the Territorial Transmission Units of CNTEE Transelectrica. On 15.05.2020 it informed the Company such verification will continue in the executive branch from 25.05 to 27.08.2020.

The audit of CCR targeted the, *"control of situations, development and mode of administration of the state's public and private heritage, as well as the legality of achieved revenues and of expenses made in 2017-2019"* in CNTEE Transelectrica SA.

The audit on the fore-mentioned topic, which began on 25.05.2020 in the executive offices of the Company was suspended by CCR on grounds of its beginning another audit pertaining to *"control on the management mode of public resources during the emergency state period"*.

Such audit began on 02.06.2020 and was completed on 26.06.2020.

No deficiencies were ascertained in the Audit Report elaborated by CCR's auditors about the *"control on the management mode of public resources during the emergency state period"*, report registered in the Company under no. 24225/26.06.2020, consequently no Decision was issued to decide measures.

When such audit was completed on 26.06.2020 the topic pertaining to *"control of situations, development and management mode of the state' public and private heritage, as well as the legality of achieved revenues and of expenses made in 2017-2019"* was resumed and completed on 06.10.2020.

Objections were elaborated and transmitted to the Audit Report issued by the CCR and registered in the Company under no. 40507/06.10.2020 and re-analysis was requested of findings recorded by CCR's auditors in their Report.

Taking into account CCR Decision has not been received until the elaboration date of these financial statements we cannot determine whether additional payable fiscal liabilities will result.

Conclusions

Disputes are on the docket with Romania's Court of Audit with respect to its audits performed in 2013 and 2017, provided in detail in the disputes chapter.

Taking into account the Court of Audit's findings registered in Decisions of 2013 and 2017, in the financial statements executed quarterly, each semester and year we have specified it is possible to have additional fiscal liabilities resulting for payment, but on the respective date, including the current on, cannot be accurately determined in accordance with the terms of IAS Standard 37 - Provisions, contingent liabilities and contingent assets.

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Audits in the Subsidiaries of CNTEE Transelectrica S.A

➤ TELETRANS SA

Romania's Court of Audit

From 13.01.2020 to 22.05.2020 Romania's Court of Audit performed control in Subsidiary Teletrans pertaining to *"control of situations, development and mode of administration of the state's public and private heritage, as well as the legality of achieved revenues and of expenses made"* in the 2017 – 2019 interval.

Such control was completed in the subsidiaries and CCR auditors issued Report no. 3930/22.05.2020 and Decision 7/2020 of the Court of Audit.

Subsidiary Teletrans submitted report contestation and contested in court 3 measures of the 8 that were decided.

Control from the Ministry of Public Finance

The Economic-financial Inspection Department of MFP is performing audit in Subsidiary Teletrans beginning with 21.07.2020.

The topic pertains to *"checking the compliance with the provisions of OG 26/2013 on enhancing financial discipline at certain economic operators where the state or administrative-territorial units are single or majority shareholders or they directly or indirectly hold majority participation in 2018-2019"*.

Such control was completed and Report 7599/15.10.2020 was issued (no. ANAF MC_IEF_638/06.10.2020), without Decision / Injunction for measures.

The history of controls performed in Subsidiary Teletrans in January – December 2019, which to date no Final Audit Reports were received

Ministry of Public Finance, General Directorate of Economic & Financial Inspection, control which began on 26.03.2019.

The objectives of the economic-financial inspection are:

- Foundation and execution of the 2015-2017 Revenue and Expense Budget;
- Compliance with budgetary, economic-financial and accounting discipline;
- Compliance with legal provisions regarding the assets from the state's public and private domain and from the Administrative-Territorial Units';
- The organisation and exercise of the mandatory internal / managerial control;

Such control constitutes extension of the previous one (the verified period being 01.01.2010-31.12.2014), according to Notice 261043/25.03.2019 from the Ministry of Public Finance, registered in Teletrans under no. 3053/26.03.2019.

By 31.12.2019 the company received minutes 5103/04.12.2019 (number in Teletrans - 11224/04.12.2019).

On the date of these financial statements the company could not determine possible fiscal obligations, as it has received no final economic-financial inspection report.

National Agency of Fiscal Administration, General Directorate Administering Large Tax Payers

The sudden control began on 18.07.2019, and the verified period is 2012 – 2016.

Such audit was completed by Minutes 168/13.08.2019 (number in Teletrans - 7600/14.08.2019).

By the current date the company could not determine possible fiscal obligations, as it has received no final economic-financial inspection report.

➤ SMART SA

Romania's Court of Audit

From 13.01 to 22.05.2020 the external auditors from Romania's Court of Audit performed control in Subsidiary SMART pertaining to *"control of situations, development and mode of administration of the state's public and private heritage, as well as the legality of achieved revenues and of expenses made in the 2018 – 2019 interval"*.

The CCR report was completed and the CCR Report 215/09.06.2020 was issued and Decision 8/2020 of the Court of Audit.

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Subsidiary Smart SA submitted objections to the report and filed law court suit of administrative dispute against CCR's decision, in order to contest Decision 8/2020 of CCR.

Control of ANAF-DGAMC, Economic-Financial Inspection Department

The fiscal audit began on 21.07.2020 and it pertained to “*checking the compliance with the provisions of OG 26/2013 on enhancing financial discipline at certain economic operators where the state or administrative-territorial units are single or majority shareholders or they directly or indirectly hold approved majority participation, with later amendments and additions, related to the financial years 2018-2019*”.

Subsidiary SMART received the Fiscal Inspection Report and it has elaborated and transmitted no objections.

Control of ANAF-DGAMC

The fiscal inspection began on 28.08.2020 and it pertained to “checking the legality and conformity of fiscal returns and/or relevant operations for fiscal inspection, the correctness and exactity in achieving the liabilities related to establishing the taxation bases and main fiscal liabilities regarding:

- Value added tax from 01/01/2015 to 31/12-2016
- Income tax from 01/01/2014 to 31/12/2016
- Checking the compliance with the provisions of fiscal and accounting legislation
- Verifying other aspects significant for taxation, if they are interesting for the application of of fiscal - accounting legislation;

Such fiscal inspection is in progress on the date of these financial statements.

20. Affiliated parties

• Transactions with the Company-held subsidiaries

Entity	Country of origin	30 September 2020 % of shares	31 December 2019 % of
SMART SA *)	Romania	70.005	70.005
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 was 78,038,750 on 30 September 2020 and 78,038,750 on 31 December 2019.

The gross value of Company's participations in its subsidiaries was the following:

SMART SA

Company SMART SA with headquarters in Blvd. Magheru 33, Bucharest 1 and central offices in the working location of Blvd. Gheorghe Sincai 3, Formenerg Building, 1st floor, Bucharest 4 has as main business the maintenance of the transmission-dispatcher system. It was established under HG 710/19.07.2001 on 1 November 2001. On 30 September 2020 the share capital was of 55,036,300, of which 38,528,600 subscribed and fully paid by the Company.

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

On 30.12.2014 the Office of the Trade Register from Bucharest Tribunal settled the request to register the share capital indexation of Co. Smart SA. On 31 December 2015 the structure of shareholders of Co. Smart SA was the following:

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- Number of shares 3,852,860

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- Participation to benefits and losses: 70.005%

The Romanian State by the Secretariat General of the Government - Number of shares 1,650,770

- Participation to benefits and losses: 29.994%

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

*) On the docket of law courts there was a dispute under file 32675/3/2015 pertaining to cancelling the Designated Person's decision 154954/30.12.2014 pronounced under file 449314/23.12.2014, based on which the Office of the Trade Register from Bucharest Tribunal registered the increase of the share capital of subsidiary SC Smart SA by contribution in kind and the concordant amendment of the articles of association according to Decision 12375/22.12.2014 of the BA Chairman of this subsidiary and to BA Decision 19/22.12.2014. The Company also requested the competent court to cancel the two fore-mentioned decisions and suspend the application of deeds cancellation as requested for, until settlement of this case.

In file 32675/3/2015 Bucharest Tribunal, Section VI Civil pronounced civil ruling 6468/16.11.2015 deciding as follows: "It admits the exception of inadmissibility. It denies as inadmissible the suing filed by claimant Transelectrica in contradiction with defendants Subsidiary Company for maintenance services to the electric transmission grid SMART SA, the Romanian State and ONRC. Appeal right within 30 days from notification; appeal to be submitted to Bucharest Tribunal, Section VI Civil. Pronounced at public hearing on 16 November 2015". CNTEE Transelectrica SA filed appeal registered on the docket of the Appeal Court Bucharest, file settled on the 23 May 2016 hearing term when the Appeal Court Bucharest pronounced civil decision 903/23.05.2016 deciding: "It denies the appeal as groundless. It admits the notification of the Constitutional Court.

In accordance with article 29 para 4 of Law 47/1992 it notifies the Constitutional Court to settle the unconstitutionality exception of provisions from article 114 para 3 of Law 31/1990 against the provisions of articles 16, 21 and 44 of the Constitution, an exception claimed by the appellant; final".

In compliance with the ONRC registrations Decision 12375/23.12.2014 of the Board of administration's chairman (increasing the share capital of Smart SA by 16,507,700 Lei representing the Romanian State's contribution in kind whereby it acquired 29.994% participation quota to benefits and losses consequently diminishing the participation quota to benefits and losses of the National Power Grid Company Transelectrica SA from 100% to 70.005%) based on which mention 449314 of 23.12.2014 was registered was cancelled by final civil ruling 835/14.05.2019 pronounced by the Appeal Court Bucharest, Section VI Civil under file 7763/2/2018, pertaining to the nullity of the juridical deed, review request. Transelectrica SA filed suit to erase the mention with a view to return to its 100% holding, constituting file 37718/3/2019 on the docket of Bucharest Tribunal.

TELETRANS SA

Company TELETRANS SA with headquarters in Blvd. Hristo-Botev 16-18, Bucharest 3 and central offices in the working location of Str. Polona 68-72, Business Centre, Bucharest 1 has as main business maintenance services of process and managerial information, specific telecommunication and information technology services within RET, telephone, data transmissions and was established by AGA Decision 3/2002. The share capital subscribed and fully paid was of 6,874,430 on 30 September 2020.

ICEMENERG SA

Company Subsidiary of the Energy Research and Modernising Institute ICEMENERG SA with headquarters in Blvd. Energeticienilor 8, Bucharest 3 has as main business research and development in physical and natural sciences, innovation, studies, development strategies, design activities, urbanism, engineering and other technical services, being established by HG 1065/04.09.2003. The share capital of Subsidiary Icemenerg SA was of 1,083,450 subscribed and fully paid in the Company's accounting books on 30 September 2020.

**) 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

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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.

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

In 2015 the Company registered depreciation allowance amounting to 1,083,450 for the shares held with the Energy Research and Modernising Institute ICEMENERG SA Bucharest that was cancelled.

OPCOM SA

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

The share capital on 30 September 2020 was of 31,366,090, of which 8,778,790 represent share capital subscribed and fully paid. The difference of share capital amounting to 22,587,300 is represented by the Company's contribution in kind, namely intangible assets - "Electricity trade exchange OPCOM" and "Regional electricity exchange OPCOM", financed from the Company's own sources and from IBRD funds and valued according to the Valuation Report 786/15.03.2016 issued by JPA Audit & Consultanta SRL. The registration of the amendment in the articles of association of Co. OPCOM SA based on AGEA Decision 6/15.06.2016 was operated at ONRC according to the Registration Certificate of mentions on 11.07.2016. On 31.12.2018 the share capital represented by indexation with the Company's contribution in kind amounting to 22,587,300 was registered in the financial statements submitted by OPCOM to AGA's approval, being specified as share capital subscribed and not fully paid.

On 13.02.2018 the Shareholders' general extraordinary assembly of Subsidiary OPCOM SA approved increasing the share capital of Company Electricity and Natural Gas Market Operator OPCOM SA ("OPCOM SA") by 678,790 Lei by contribution in kind represented by the value of land which the company obtained the Ownership Certificate for series M03 12899/27.02.2014 issued by the Ministry of Economy. Such contribution in kind was evaluated by an expert valuator designated by the ONRC. In exchange for the contribution in kind to the share capital the company issued to the new shareholder Romanian State through the Ministry of Economy a number of 67,879 new nominative shares of 10 Lei nominal value each; on the date of AGEA decision the Ministry exercised the attributions of involved person. On 20.03.2019 the Office of the National Trade Register from Bucharest Tribunal settled the registration request to increase the share capital of OPCOM SA. On 30 September 2020 the share capital of OPCOM SA was of 31,366,090 Lei, representing 3,136,609 nominative shares of 10 Lei nominal value each and a 97.84% participation quota of CNTEE Transelectrica SA to benefits and losses.

FORMENERG SA

Company FORMENERG SA seated in Blvd. Gh. Sincai 3, Bucharest 4, with legal personality has as main business the initial and continuous professional training of power engineering personnel and of other beneficiaries in all domains and it was established by AGA Decision 33/2001. The share capital on 30 September 2020 was of 1,948,420 subscribed and fully paid.

ICEMENERG SERVICE SA

Company ICEMENERG SERVICE SA with headquarters in Bucharest City 3, Blvd. Energeticienilor 8 has as main business the concept, production, implementation, repair, modernisation and marketing of apparatuses, equipment and specific installations in the country and abroad. HG 2294/09.12.2004 approved the transfer of the package of shares held by the Trading Company Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest in the Trading Company Subsidiary ICEMENERG-SERVICE SA Bucharest to the National Power Grid Company Transelectrica SA. On 30 September 2020 the share capital was of 493,000 subscribed and fully paid.

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

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

The balances of subsidiaries held by the Company were as follows:

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AFFILIATED ENTITY	Trade receivables*)		Trade liabilities	
	30 September 2020	31 December 2019	30 September 2020	31 December 2019
SMART SA	357,638	639,163	10,334,033	13,573,414
TELETRANS SA	107,023	199,327	9,527,094	8,222,806
FORMENERG SA	-	-	-	-
OPCOM SA	28,090,313	38,279,294	22,088,000	31,982,492
TOTAL	28,554,974	39,117,784	41,949,127	53,778,712

*) Trade receivables are provided at gross value.

The transactions performed with Company subsidiaries during the reported period are detailed as follows:

AFFILIATED ENTITY	Sales			
	Quarter III 2020	Quarter III 2019	9 months 2020	9 months 2019
SMART SA	235,955	133,854	552,665	441,632
TELETRANS SA	111,954	120,069	389,919	745,559
OPCOM SA	69,383,875	192,336,285	204,145,206	412,323,907
TOTAL	69,731,784	192,590,208	205,087,790	413,511,098

AFFILIATED ENTITY	Procurements			
	Quarter III 2020	Quarter III 2019	9 months 2020	9 months 2019
SMART SA	21,131,674	34,877,532	52,297,902	60,144,460
TELETRANS SA	7,589,603	2,814,738	23,034,767	23,305,390
FORMENERG SA	-	1,217	243,212	6,707
OPCOM SA	96,448,217	38,940,360	243,088,389	204,814,921
TOTAL	125,169,494	76,633,847	318,664,270	288,271,478

21. Credit risk

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

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

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

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

	30 September 2020	31 December 2019
Financial assets		
Net trade receivables	578,240,234	609,654,811
Other net receivables and down payments to suppliers	59,835,511	89,455,235
VAT to recover	17,038,670	7,240,202

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Cash and cash equivalents	471,741,739	320,768,647
Other financial assets	-	85,000,000
Total	1,126,856,154	1,112,118,895

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

	Gross value	Impairment allowance	Gross value	Impairment allowance
	30 Sept. 2020	30 Sept. 2020	31 Dec. 2019	31 Dec. 2019
Not reached to maturity	487,643,828	230,306	520,061,564	536,693
Due date exceeded from 1 to 30 days	1,061,353	2,533	882,361	25,011
Due date exceeded from 31 to 90 days	5,271	-	94,693	26,405
Due date exceeded from 90 to 180 zile	663,984	16,794	143,816	54,486
Due date exceeded, 180 – 270 days	38,448	9,349	2,604,290	2,556,880
Due date exceeded, 270 – 365 days	16,319	11,730	1,530,831	1,165,906
More than one year	223,444,854	134,363,111	219,846,152	131,143,516
Total	712,874,057	134,633,823	745,163,708	135,508,897

The age of “Other receivables” on the elaboration date of the financial position is provided below:

	Gross value	Impairment allowance	Gross value	Impairment allowance
	30 Sept. 2020	30 Sept. 2020	31 Dec. 2019	31 Dec. 2019
Not reached to maturity	47,019,822	307,207	71,938,460	405,892
Due date exceeded from 1 to 30 days	393,199	-	368,771	-
Due date exceeded from 31 to 90 days	960,268	249,175	227,021	-
Due date exceeded from 90 to 180 days	4,886,894	104,349	9,839,636	261,586
Due date exceeded, 180 – 270 days	662,964	398,768	54,327	5,245
Due date exceeded, 270 – 365 days	394,805	383,026	1,078,400	1,078,284
More than one year	76,696,290	52,346,524	65,683,690	50,651,630
Total	131,014,242	53,789,049	149,190,305	52,402,638

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

On 30 September 2020 the greatest impairment allowances calculated for trade receivables and for their associated penalties were registered for CET Govora (24,874,615), Eco Energy SRL (24,736,066), Petprod SRL (23,539,650), Arelco Power (15,217,210), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Opcom (6,276,563), and CET Brasov (4,664,627). To recover the trade receivables with impairment allowances the Company took the following measures: bringing to court, registration in the creditors’ list, requesting explanations from ANAF (for the collectable VAT from Opcom) etc.

EU’s adoption of IFRS 9 ‘Financial Instruments’ applicable to annual intervals beginning with or after 1 January 2018 has no significant impact over the Company’s financial statements.

The impairment allowances for doubtful receivables developed as follows:

	30 September 2020	31 December 2019
Balance on 1 January	135,508,897	139,644,236
Recognition of impairment allowances	987,129	5,887,535
Reversal of impairment allowances	1,862,203	10,022,874
Balance at the end of the period	134,633,823	135,508,897

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 September 2020

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

The development of depreciation allowances for other doubtful receivables was as follows:

	30 September 2020	31 December 2019
Balance on 1 January	52,494,869	56,189,199
Recognition of impairment allowances	1,298,762	1,189,039
Reversal of impairment allowances	4,582	4,883,369
Closing balance	53,789,049	52,494,869

The collection risk associated to such receivables is limited because these amounts are mainly owed by state-owned companies. Cash has been placed into financial institutions, which are considered as providing minimum risk.

22. Later events

- Recruitment announcement for the position of Directorate member of Transelectrica**

On 1 October 2020 the Company announced initiating the recruitment and selection of candidates to be nominated in view of appointing the Directorate team. The recruitment announcement comprises the recruitment and selection stages for candidates, the participation conditions, the submission of candidature files, the documents necessary to submit one's candidature, the selection criteria and other information.

- Fifth edition of the International Conference 'Regional South-East European Conference – RSEEC 2020'**

On 12 October 2020 the fifth edition was opened of the International Conference 'Regional South-East European Conference – RSEEC 2020' which was organised online from 12 to 14 October 2020.

Conference RSEEC 2020 is a bi-annual event organised by the National Romanian Committee of CIGRE (International Council of Large Electricity Systems), with the support of the National Power Grid Company Transelectrica SA and of the Polytechnic University of Bucharest, in capacity of co-organisers and it represents a major event in the energy domain, providing an opportunity for Romanian power experts and for the business environment to submit the results of their work and research.

Papers and tutorials were submitted at this event which debated seasonal topics such as the status of technology for future electricity networks, new pieces of equipment, environment and sustainability, active transmission and distribution networks, intelligent cities, key factor of electricity in view of developing the society.

- Transelectrica – consistent contribution to equipping the SCADA laboratory of the UPB**

In the opening of the fifth edition of the International Conference 'Regional South-East European Conference – RSEEC 2020' before Mr. Antonel TANASE, Secretary General of Romanian Government with minister capacity, the first SCADA Laboratory was inaugurated in the Polytechnic University of Bucharest.

The laboratory equipment was provided by CNTEE Transelectrica SA, with the contribution of SIEMENS Energy Romania, and of other companies that are active in the energy domain such as Siemens Romania and Eneroptim in partnership with the Polytechnic University of Bucharest.

A micro-station was established within the SCADA Laboratory constituted of command – control – protection equipment with digital technology, similar to the latest installations operating currently in the outfits of CNTEE Transelectrica SA, in order to provide safe electricity transmission.

- Extending the mandates of provisional Directorate members**

Taking into account the mandate of current provisional Directorate members reached its term on 20 October 2020, the Supervisory Board at its 12 October 2020 meeting extended the mandates of Directorate members for the current provisional members:

- Catalin NITU
- Ionut-Bogdan GRECIA
- Andreea-Mihaela MIU
- Marius-Viorel STANCIU
- Corneliu-Bogdan MARCU

by two months' period beginning with 21 October 2020. The mandate term of provisional Directorate members will not exceed the completion date of the selection procedure for Directorate members in the National Power Grid Company

CNTEE Transelectrica SA

Notes to the stand-alone interim financial statements on 30 September 2020

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

Transelectrica SA according to the provisions of OUG 109/2011, if the procedure is completed during this interval.

At the same time the Board elected Mr. Catalin NITU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer, CEO, of the National Power Grid Company Transelectrica SA for two months, beginning with 21 October 2020.

- **Giving up the mandate of provisional Directorate member**

Mr. Ionut-Bogdan GRECIA gave up his mandate of provisional Directorate member in the Company beginning with 27 October 2020, in accordance with what has been recorded in the communication registered in the Company.

- **Appointment of provisional Directorate member**

On 29 October 2020 Mr. Ovidiu ANGHEL was appointed provisional Directorate member for a two months' mandate until 20 December 2020, his appointment becoming effective on 30 October 2020 once signing the mandate acceptance statement before the notary public.



NPG TRANSELECTRICA SA

QUARTERLY REPORT
January – September
2020

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REPORT ON THE ECONOMIC – FINANCIAL ACTIVITIES
OF NPG TRANSELECTRICA SA

In accordance with the provisions of article 65 from law 24/ 2017 on the capital market and Regulation 5/ 2018 issued by the Financial Supervisory Authority (ASF)

For the time period ended on 30 September 2020

Date of the report:	13 November 2020
Name of trading company:	National Power Grid Company Transelectrica SA, company managed under two-tier system
Headquarters:	Bucharest 1, Blvd. Gen. Gheorghe Magheru 33, postal code 010325
Working location:	Bucharest 3, Str. Olteni 2 - 4, postal code 030786
Phone / fax numbers:	004021 303 5611/ 004021 303 5610
Code with the ONRC:	13328043
Number with the RC:	J40/ 8060/ 2000
LEI code (Legal Entity Identifier)	254900OLXOUQC90M036
Date of Company establishment:	31.07.2000/ OUG 627
Share capital:	733,031,420 Lei, subscribed and paid
Regulated market where the issued securities are transacted	Bucharest Stock Exchange, Premium category
Main characteristics of the issued securities:	73,303,142 shares of 10 Lei / nominal value each, as dematerialised, nominative, ordinary, indivisible and freely transactable shares as of 29.08.2006 under TEL symbol
Market value:	1,707,963,209 Lei (23.30 Lei/share on 30.09.2020)
Accounting standard applied:	International financial reporting standards
Audit:	The quarterly financial statements drafted on September 30 th , 2020 are not audited

This Report use a free translation from Romanian, which is the official and binding version, and will prevail, in the event of any discrepancies with the English version

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the stand-alone interim simplified financial statements as of and for the nine months' period ended on 30 September 2020 have been elaborated in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and they provide accurate image in compliance with the real situation of assets, obligations, financial position, profit and loss account of NPG Transelectrica SA.

This report comprises fair complete information about the economic-financial situation and the activities of NPG Transelectrica SA.

Bucharest, 9 November 2020

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



Key figures of 9M 2020 vs 9M 2019

KEY FIGURES

FINANCIAL HIGHLIGHTS

RON 1,664	mn	▼	-7%	Revenues
			y/y	
RON 401	mn	▲	34%	EBITDA
			y/y	
RON 152	mn	▲	107%	Net profit
			y/y	
TWh 39.48		▼	-4%	Charged energy volume**
			y/y	

OPERATIONAL

2.15%	*	▼	- 0,14	pp	OTC
			y/y		
31.23		▼	-2%		Transported energy***
TWh			y/y		

INVESTMENTS

RON 214	mn	▲	27%	Acquisition of tangible and intangible assets
			y/y	
RON 73.64	mn	▲	27%	Fixed assets recorded in the accounts (commissioning)
			y/y	

CPT / OTC – one's own Technological Consumption (grid losses)

* Share of one's own technological consumption in the electricity taken over by the electricity transmission grid (transmitted energy)

** The charged quantity is defined by the electricity amount extracted from public interest networks (transmission and distribution networks), less the electricity exports

*** The transmitted quantity is defined by the power amount physically carried in the transmission network

Note: For reading facility and result understanding, certain figures provided in graphs and/or tables use RON mn as measuring unit and are rounded up to it. This presentation convention might determine in certain circumstances minor differences between totalling figures and totals obtained by summing up the components.



Financial data

The summary of financial results on 30 September 2020 is provided in the tables below. The financial results have not been audited, and their extended variant of the same period is provided in the Annexes to this Report.

Stand-alone profit or loss statement				
[RON mn]	9M 2020	9M 2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Billed energy volume [TWh]	39.48	41.29	(1,8)	(4%)
ALLOWED PROFIT ACTIVITIES				
Operating revenues	876	907	(32)	(3%)
Transmission and other revenues on the electricity market	759	809	(50)	(6%)
Functional system services	84	60	24	40%
Other revenues	33	39	(5)	(14%)
Operating expenses	555	582	(27)	(5%)
System operating expenses	218	268	(50)	(19%)
Repairs and maintenance expenses	66	73	(7)	(9%)
Personnel expenses	176	158	18	11%
Other expenses	95	82	12	15%
EBITDA	321	325	(5)	(1%)
Depreciation	202	210	(8)	(4%)
EBIT	119	116	3	3%
ZERO PROFIT ACTIVITIES				
Operating revenues	788	876	(88)	(10%)
Technological system services revenues	502	470	31	7%
Balancing market revenues	286	405	(119)	(29%)
Operating expenses	708	902	(195)	(22%)
Technological system services expenses	422	497	(75)	(15%)
Balancing market expenses	286	405	(119)	(29%)
EBIT	80	(26)	107	n/a
ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT)				
Operating revenues	1.664	1.783	(119)	(7%)
Operating expenses	1.262	1.484	(222)	(15%)
EBITDA	401	299	102	34%
Depreciation	202	210	(8)	(4%)
EBIT	199	89	110	123%
Net financial result	(2)	(6)	4	68%
EBT	197	83	114	138%
Income tax	45	9	35	n/a
Net profit	152	74	79	107%

Stand-alone statement of financial position				
[RON mn]	9M 2020	2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
Non-current assets				
Tangible assets	3,486	3,440	46	1,3%
Intangible assets	27	23	4	15%
Financial assets	82	82	0	0%
Assets of the usage rights for leased assets - buildings	-	6	(6)	n/a
Total	3,595	3,551	44	1,2%
Current assets				
Inventories	41	38	4	10%
Trade and other receivables	655	706	(51)	(7%)
Other financial assets	-	85	(85)	n/a
Cash and cash equivalents	472	321	151	47%
Total	1,168	1,150	18	2%
Total assets	4,763	4,700	62	1.3%
Shareholders' Equity	3,400	3,284	116	4%
Non-current liabilities				
Borrowings	108	123	(15)	(12%)
Other non-current liabilities	561	561	0	n/a
Total	669	684	(15)	(2%)
Current liabilities				
Borrowings	25	56	(31)	(55%)
Other current liabilities	669	677	(8)	(1%)
Total	694	732	(39)	(5%)
Total liabilities	1,362	1,416	(54)	(4%)
Total shareholder's equity and liabilities	4,763	4,700	62	1,3%

Stand-alone statement of cash flows				
[RON mn]	9M 2020	9M 2019	Δ	Δ (%)
Cash flows before changes to working capital	385	266	119	45%
Cash flows from operating activities	396	83	314	380%
Net cash from operating activities	358	66	293	446%
Net cash used in investing activities	(124)	(246)	122	50%
Net cash used in financing activities	(84)	(31)	(53)	(175%)
Net increase/decrease in cash and cash equivalents	151	(210)	361	172%
Cash and cash equivalents as at 1 January	321	482	(161)	(33%)
Cash and cash equivalents at the end of the period	472	272	200	74%

OPERATIONAL RESULTS

Charged volume of electricity

In January – September 2020, the total quantity of electricity charged for services provided on the electricity market (39.48 TWh) registered a 4% decrease compared to the same period of 2019 (a -1.80 TWh difference is found between the two time intervals).

Operational revenues

Total operational revenues achieved in the first 9 months of 2020 decreased by 7% compared to the similar interval of last year (RON 1,664 mn at 9M 2020 compared to RON 1,783 mn at 9M 2019), mainly determined by operational revenues associated to the zero profit activities (the balancing market), but also by the decrease in the amount of electricity delivered.

The segment of **profit-allowed activities** registered a decrease of 3% of revenues (RON 876 mn in 9M 2020 compared to RON 907 mn in 9M 2019), mainly determined by the decrease of 6% in transmission revenues and other revenues on the energy market (RON 759 mn in 9M 2020 compared to RON 809 mn in 9M 2019), resulting from the decrease in the amount of electricity delivered to consumers and from the reduction of the average tariff for the transmission service approved by ANRE, decrease due not least to the impact of the COVID-19 pandemic.

Since mid-March 2020, EU Member States have taken restrictive measures to slow the spread of COVID-19. These measures have included the closure of factories, schools, restaurants, cafes, hotels and forcing people to stay home.

Many companies have reduced their production levels due to lack of demand or interruption of their supply chain. These measures have been in force in European countries throughout April 2020.

The energy sector has also felt the impact of the coronavirus crisis, with negative effects especially in the renewable energy sector, which is heavily dependent on imports of components, especially from China.

At European level, the pandemic has brought challenges for network operators who have had to manage increased volumes of intermittent renewable energy in a low-demand environment with fewer thermal power plants available for balancing, with networks generally managing to cope with the situation, and demonstrating its ability to cope with the increased influx of renewable energy sources that have sometimes exceeded significant percentages in some Member States.

However, despite high volatility and fluctuating liquidity, the internal market has withstood the turmoil and the energy system has proved resilient faced with the crisis.

In Romania, the state of emergency has stopped producing its effects starting with May 15, 2020.

As a Transmission System Operator (TSO), Transelectrica has implemented emergency measures to mitigate the impact of COVID-19, such as additional protection measures to minimize the effects on the health and safety of employees, to ensure business continuity in conditions of safety and ensure the continuity of the Company's objectives.

As of May 15, the state of emergency was replaced by the state of alert that led to a relaxation of restrictions and limitations imposed during the state of emergency.

As a result of the relaxation of the restrictions both in Europe and in Romania, the electricity consumption registered a revival.

Thus, if in April, May, June 2020 the decrease in consumption registered values between -14.73% in April, -11.85% in May and -8.05% in June, respectively, starting from July, the decrease in consumption registered values between -1.80% in July, -2.78% in August, September registering a slight increase of 0.23%.

Q3 2020 ended with a decrease in electricity consumption across Europe, compared to the third quarter of 2019, but the values were closer to the previous year (unlike the second quarter, which was heavily affected by the Covid-19 crisis).

In the first 9 months of 2020, revenues from the allocation of interconnection capacities registered a decrease of 29% compared to 9M 2018, amounting to RON 18.7 mn, corresponding to the utilisation degree of interconnection capacity by traders on the electricity market.

The allocation mechanism of interconnection capacities consists in organising annual, monthly, daily and intraday bids. The annual, monthly and intraday bids are explicit – bidding only the transmission capacity, and the daily one with Hungary are implicit – the capacity is allocated simultaneously with the energy through the coupling mechanism.

Beginning with 19 November 2014, the regional power exchange established by Romania, Hungary, the Czech Republic and Slovakia means these four countries should reach to a single electricity price transacted on spot markets. The capacity allocation between Romania and Hungary, the only country of these three Romania has got frontier with, is performed by the transmission

operators: Transelectrica and MAVIR, by means of a common mechanism under a bilateral agreement.

Beginning with 2016, the UIOSI principle was applied on the Bulgarian border, and beginning with 2017 on the Serbian frontier as well. In accordance with such principle, participants that do not use the capacities they win at annual and monthly bids are remunerated (by Transelectrica) for such capacity. The unused capacity is later sold under daily bids. There is reverse sense on the Hungarian border, namely MAVIR remunerates the participants for unused capacities.

The market allocating the interconnection capacities is fluctuating as prices evolve depending on the demand and need of market participants to procure interconnection capacity.

Starting with November 2019, the second wave within the European Single Intraday Coupling (SIDC) solution went live.

The unique intraday market coupling mechanism ensures the continuous harmonization of sale and purchase offers of market participants in a bidding area with sale and purchase offers within its own bidding area and in any other bidding area where cross-border capacity is available. Thus, explicit intraday tenders are only on the border with Serbia, and on the borders with Bulgaria and Hungary are implicit (within SIDC).

Net revenues from the allocation of interconnection capacity are used according to the provisions of ANRE Order 171/2019 updated by Regulation (EC) 2019/943 from June 5th 2019 on the internal electricity market, as financing source for investments aimed at upgrading and developing the interconnection capacity with neighbouring systems.

Revenues from Inter TSO Compensation (ITC) increased in the first nine months of 2020 compared to the same period of 2019 by the amount of 1.29 million Ron due to the fact that the imported/exported/transited energy was higher than in the previous year, and the applied import/export/transit tariff increased in 2020 compared to 2019.

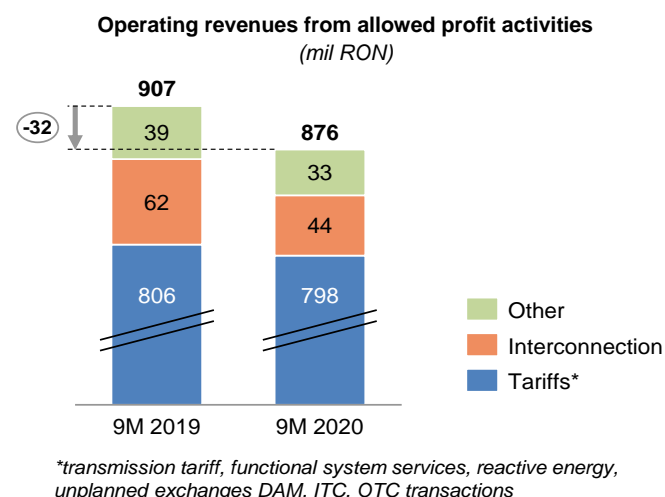
Revenues from energy transactions for OTC were mainly obtained by selling the excess energy on the Intraday Market managed by OPCOM and under the BRP CIGA Energy, on the Balancing Market.

At the end of November 2019, the European day-ahead market coupling went live under the XBID/SIDC project, which provided higher market liquidity and diversified the transacted products.

Revenues from OTC transactions were lower in the analysed period of 2020 compared to 2019 by a

percentage of 3%, (from RON 6.1 mn in the period January-September 2019 to RON 5.9 mn in January-September 2020) due to transactions on the Balancing Market from March to June 2020. During this period, the excess energy was lower than last year, the OTC forecasted value being closer to the achieved one and the selling price of energy was lower than in 2019 (average price approx. 136 Lei/MWh compared to 180 Lei/MWh).

Revenues from functional system services and unplanned exchanges registered in the analysed period an increase of 40% compared to the same period of 2019, determined by the increase of the tariff approved by ANRE for these services given that the amount of electricity delivered to consumers decreased by about 4%, respectively by 1.80 TWh.



Revenues from zero-profit activities decreased by 10% (RON 788 mn as of September 30, 2020 compared to RON 876 mn as of September 30, 2019) mainly due to the decrease in revenues on the balancing market by a percentage of 29% (from RON 405 mn as of September 30, 2019 to RON 286 mn as of September 30, 2020).

The decrease of RON 119 mn compared to the same period of the previous year of these revenues was mainly due to the following aspects:

- reduced negative imbalance registered for electricity suppliers on the balancing market;
- the manner in which contracting is achieved on the markets before the balancing one;
- the development of hydraulicity;
- the development of the average deficit price registered on the balancing market;
- the decrease in electricity demand given the milder winter;
- reduction of electricity consumption, following the regulations issued by the Central Public Administration to prevent the spread of Covid-19.

During January-September 2020, revenues from technological system services increased by 7% compared to the same period of 2019 (RON 502 mn on September 30, 2020 compared to RON 470 mn on September 30, 2019), determined by the increase of the tariff approved by ANRE for these services considering the decrease in the amount of electricity delivered to consumers by 4%.

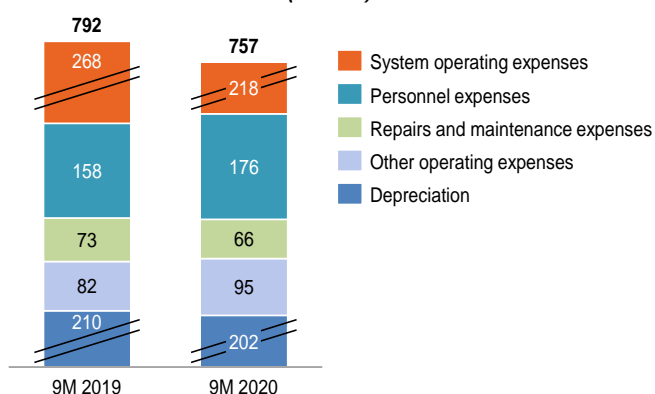
During January-September 2020, the revenues from the technological system services were higher by the amount of RON 80 mn compared to the expenses regarding the acquisition of the technological system services. This amount increases the Company's gross profit as of September 30, 2020.

Operational expenses

Total operational expenses (amortisement included) achieved between January–September 2020 decreased by 14% compared to the same period of the previous year (RON 1,465 mn compared to RON 1,694 mn in 9M 2019).

As regards the profit-allowed activities segment, expenses (amortisement included) decreased by 4% (RON 757 mn in January-September 2020 compared to RON 792 mn in January-September 2019).

Operating expenses from allowed profit activities
(M RON)



OTC: Between January-September 2020, expenses regarding one's own technological consumption were 19% lower (RON 39.7 mn) compared to the same period of 2019, due to the following aspects:

- in the epidemiological context generated by the spread of COVID-19 (coronavirus), the DAM average price had a sharp downward trend since January 2020
- the average price of energy purchased on the Balancing Market significantly decreased, in the context of some imbalances of Transelectrica being opposite the imbalances of BRP CIGA ENERGY, thus the balance of imbalances being about half compared to the previous year

- starting with September 1, 2020, ANRE Order no. 61/2020 entered into force, which led to a number of important changes on the balancing market, including the possibility of negative excess prices. In September, such prices were recorded in most of the intervals, which led to an increase in the cost of OTC by the fact that the excess energy sold on the balancing market no longer brings revenue but generates additional costs.

One of the main obligations resulting from European Union Regulation no. 1222/2015 (CACM) - "establishing guidelines on capacity allocation and congestion management", is to unify short-term energy markets (daily and intraday), an obligation that must be fulfilled both by NEMOs - "Nominated Electricity Market Operators" and TSOs - "Transmission System Operators" in Europe.

To this end, the project of coupling the daily energy markets in the EU Member States Romania and Bulgaria in 2020 has started, a project that involves the coupling of the daily energy markets in the EU Member States Romania and Bulgaria.

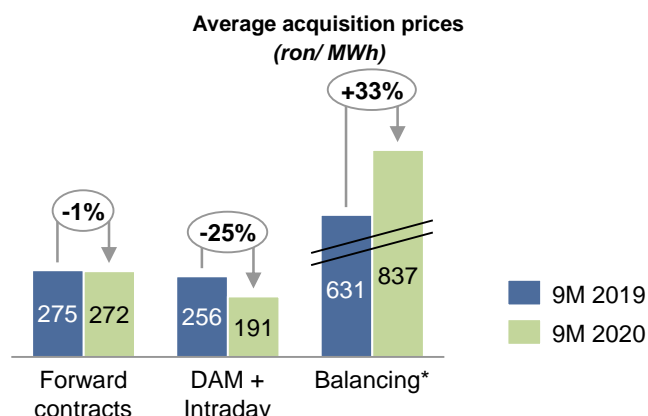
The project to connect the daily energy markets in Romania and Bulgaria was initiated following the joint meeting at the headquarters of DG-ENER within the European Commission, on October 11, 2019, of the representatives of the Energy Exchanges (OPCOM and IBEX), Transmission System Operators (Transelectrica and ESO EAD) and the National Energy Regulatory Authorities (ANRE and EWRC) from Romania and Bulgaria, with the representatives of DG-ENER; it was decided to start the project connecting the daily energy markets in Romania and Bulgaria, its completion being scheduled by the end of 2020.

The project to connect the daily energy markets in 4MMC (Romania, Hungary, Slovakia and the Czech Republic) with the daily energy markets in Poland, Germany and Austria aims to connect, based on NTC, the daily energy markets in Poland, Austria, Germany and the 4M countries (the Czech Republic, Slovakia, Hungary and Romania).

The DE-AT-PL-4M Market Coupling (Interim Coupling) market coupling project will be an important step in expanding the European day-ahead market under European law.

The implementation of the project will bring the advantage of the implicit allocation of capacities at the borders Austria-Hungary, Austria-Czech Republic, Czech Republic-Germany, Germany-Poland and Poland-Slovakia. Completing the project will not only lead to a more efficient allocation of cross-border capacities across the borders involved, but will ensure a

more accurate price formation and greater liquidity in the day-ahead markets. The Interim Coupling project is currently scheduled to go live in April 2021.



*Pr*Preliminary values, the average price was calculated at the net value (purchases-sales) and does not take into account the PRE services. Preliminary values

Expenses regarding the electricity consumption within RET substations: registered a 20% decrease in January-September 2020 compared to the same period of last year (RON 12.1 mn in January-September 2020 compared to RON 15.1 mn in January-September 2019) because of lower electricity procurement prices which were used in the electricity supply contracts concluded for 2020.

In view of performing electricity transmission in electric substations and the operation of the National Power System under safe conditions, Transelectrica should procure electricity to cover the consumption of auxiliary services from high voltage electric substations managed by the Company, namely the consumption of internal services from the 81 electric substations, for each consumption place.

Functional system services: Associated expenses decreased by 21% (RON 21.4 mn in January-September 2020 compared to RON 27.1 mn in January-September 2019), mainly determined by reduced expenses on the balancing market and on the day-ahead market regarding unplanned electricity exchanges with the neighbouring countries interconnected to SEN.

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

Expenses with Inter TSO Compensation (ITC):

The monthly payment obligations/collection rights for each transmission system operator (TSO) are established under the compensation/settlement mechanism for the effects of using the power transmission grid (RET) for electricity transits between

the TSOs of the 35 countries that adhered to such mechanism under ENTSO-E.

In January-September 2020 such expenses were RON 0.4 mn lower compared to the same period of last year, the difference resulting from regularised estimations of expenses made.

The **zero-profit activities** segment registered 22% cost reduction (RON 708 mn as of 30 September 2020 compared to RON 902 mn as of 30 September 2019), mainly determined by reduced expenses on the balancing market.

The Company procures **technological system services** from producers in order to maintain the operational safety of SEN and the quality of electricity transmitted, at parameters required by applicable technical norms.

Such services are contracted as follows:

- Under regulated regime according to Governmental Decisions and to Decisions of the National Regulatory Authority in the Energy domain (ANRE);
- By means of competitive mechanisms.

The value of expenses regarding technological system services in 9M 2020 registered a 15% decrease compared to those of the same period in 2019 (RON 422 mn in 9M 2020 compared to RON 497 mn in 9M 2019).

The costs of TSS procurement in January–September 2020 were mainly determined by the following factors:

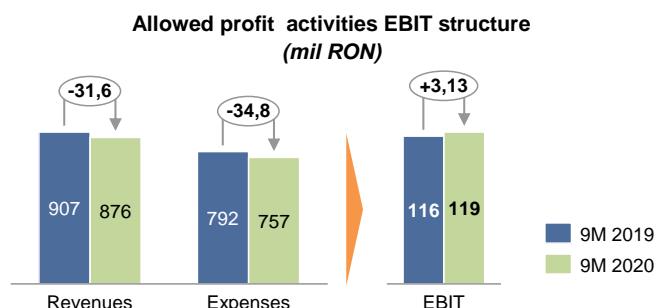
- procurement prices of the technological system services on the competitive market during 01 January 2020–30 September 2020 remained within the values registered in the same 2019 interval for the secondary reserve (RS) and the fast tertiary reserve (RTR);
- a high level of concentration on the TSS market on the types of secondary reserve (RS) and fast tertiary reserve (RTR) services between January 1, 2020 and September 30, 2020.

The Company re-invoices the value of technological system services procured from producers to the electricity suppliers licensed by ANRE that benefit of such services in the end.

In the following period of 2020 estimations are the regulations to be implemented in the national legislation in accordance with the provisions of Regulation (EU) 943 of the European Parliament and Council of 5 June 2019, and the evolution of COVID-19 spreading management country-wide will have significant impact on the development of costs to procure system services in the entire Company.

Operational result

Profit-allowed activities recorded a positive result of RON 119 mn in January-September 2020, increasing 3% compared to the one registered in the same period of last year.

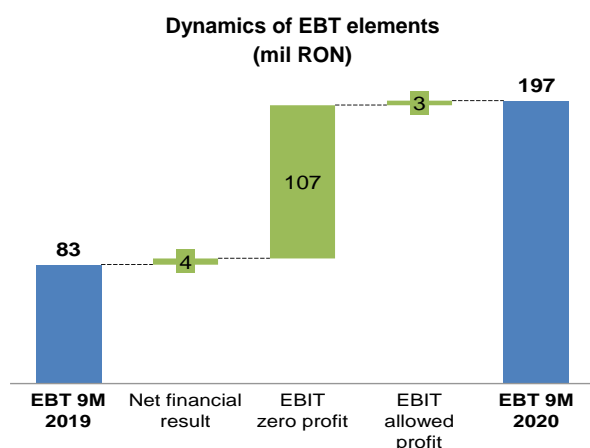


EBIT generated by **zero-profit activities** registered a positive result of RON 80 mn compared to the RON 26 loss registered in the same period of last year.

Gross result (EBT)

Gross profit registered a significant growth of RON 114 mn from RON 83 mn in January-September 2019 to RON 197 mn in January-September 2020.

The dynamics of the gross result between the profit registered in 9M 2020 compared to 9M 2019, broken down by the constitutive components of profit is provided in the graph below:



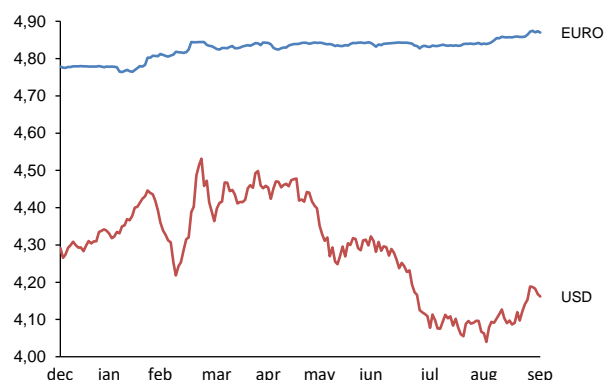
Financial result

The net financial result registered in the first 9M 2020 is negative amounting to RON 2 mn.

This is mainly influenced by the evolution of the national currency's exchange rate compared to Euro, currency which the Company has contracted bank loans in to finance its investment programmes.

The evolution of the Leu/Euro and Leu/USD exchange rates in January - September 2020 is provided in the following graph.

Exchange rate evolution



Net result

The net profit increased in the studied period, reaching to RON 152 mn in 9M 2020, compared to RON 74 mn in 9M 2019.

FINANCIAL POSITION

Non-current assets

Non-current assets registered a slight increase of 1.2% between January-September 2020 compared to 2019, amid the increase in tangible assets in progress mainly due to the investment works in high voltage power stations and lines.

Financial fixed assets

The increase in the value of financial fixed assets on September 30, 2020 compared to December 31, 2019, was determined by the Company's affiliation with the shareholders of Southeast Electricity Network Coordination Center (SEleNe CC) Societe Anonyme.

By SEGA Decision no. 3 of March 6, 2020, the Company's participation as founding owner in the capital of the Regional Center for the coordination of operational security in the coordinated calculation regions of cross-border exchange capacities SEE (Bulgaria, Greece, Romania) and GRIT (Greece-Italy) was approved.

Current assets

Current assets increased 2% as of 30 September 2020 (RON 1,168 mn) compared to the value registered on 31 December 2019 (RON 1,150 mn).

Trade and other receivables registered a 7% reduction (RON 655 mn as of 30 September 2020 from RON 706 mn as of 31 December 2019) mainly because of:

- collecting the receivables associated to invoices issued for the electricity market;
- reduced volume of transactions on the balancing market in quarter III 2020 compared to quarter IV of 2019, which determined decrease of receivables on balance as of 30 September 2020 compared to 31 December 2019.

The main clients on balance from the electricity market are: RAAN, Electrica Furnizare SA, MAVIR, Enel Energie Muntenia SA, Enel Energie SA, E.ON Energie Romania SA, CEZ Vanzare, Tinmar Energy, OPCOM.

The share of main clients on the electricity market is about 50.06% of the total trade receivables.

Receivables to collect from the bonus-type support scheme promoting high efficiency cogeneration amount to 24% as of 30 September 2020 (23% as of 31 December 2019) of the total trade receivables.

The Company carries out activities under the bonus-type support scheme promoting high efficiency cogeneration in capacity of support scheme administrator in accordance with the provisions of GD 1215/2009, “the main attributions being to monthly collect the cogeneration contribution and to pay the bonuses every month”.

Clients from the bonus-type support scheme promoting high efficiency cogeneration are experiencing a decrease as of 30 September 2020, mainly due to lower invoiced values for the collection of monthly contribution.

As of September 30, 2020, the Company registered collectable receivables amounting to RON 169 mn, represented by the issued invoices under the bonus-type support scheme promoting high efficiency cogeneration, of which:

- overcompensation for 2011-2013 amounting to RON 76.78 mn, namely from RAAN – RON 63.46 mn and CET Govora SA – RON 13.23 mn;
- undue bonus for 2014 amounting to RON 3.91 mn from RAAN – RON 1.98 mn and CET Govora – RON 1.93 mn;
- 2015 undue bonus amounting to RON 0.56 mn, namely from CET Govora – RON 0.53 mn and Interagro – RON 0.03 mn;
- cogeneration contribution not cashed from the suppliers of electricity consumers in sum of RON 21.20 mn, namely from: Transenergo Com – RON 5.88 mn, PetProd – RON 4.39 mn, Romenergy Industry – RON 2.68 mn, RAAN – RON 2.38 mn, UGM Energy – RON 1.50 mn, CET Govora – RON 0.90 mn, KDF Energy – RON 0.88 mn and others.

Until the date of this financial reporting, the Company collected fully the receivables associated to the overcompensation of activities regarding the support scheme for 2019 (RON 32.33 mn) by bank transactions from Electrocentrale Bucharest, as well as the undue bonus established by ANRE Decisions in 2019 amounting to RON 15.49 mn from the following producers: Energy Complex Oltenia, Electrocentrale

Bucharest, CET Govora, Energy Complex Hunedoara, Bepco SRL, Modern Calor SA, Soceram SA, Electroulaj SA, CET Arad, Polytechnic University of Bucharest, Colonia Cluj Napoca energy SRL and Vest Energo SA.

To extinguish the receivables generated by overcompensation and undue bonus, the Company requested the producers qualified for the support scheme to make mutual compensations. In case of producers (RAAN, CET Govora) that did not agree with this manner of extinguishing mutual receivables and liabilities, the Company has applied and further applies the provisions of art. 17 para. 5 from Order no. 116/2013 of ANRE president approving the Regulation establishing the collection mode of the contribution for high efficiency cogeneration and bonus payment for electricity produced under high efficiency cogeneration.

Other receivables as of September 30, 2020, amounting to RON 96.8 mn, mainly include:

- sundry debtors (RON 84.6 mn), of which:
 - payment delay penalties calculated for defaulting clients, amounting to RON 75.5 mn (of which RON 35.3 mn represent penalties under the support scheme). The greatest delay penalties were registered by the following clients: RAAN (RON 16.9 mn), CET Govora (RON 9.6 mn), Electrocentrale Bucharest (RON 9.4 mn), Eco Energy SRL (RON 8.9 mn), Petprod SRL (RON 8.9 mn), Total Electric Oltenia (RON 3.3 mn), and ICPE Electrocond Technologies (RON 1 mn). Depreciation allowances were registered for the penalties calculated for late payment of receivables from operational activities;
 - compensations owed by suppliers for non-delivery of electricity, Arelco Power (RON 1 mn) and Enol Grup (RON 2.5 mn). Depreciation allowances were registered for the compensations owed by suppliers from operational activities;
 - receivables collectable from OPCOM representing the VAT associated to the contribution in kind to the subsidiary's share capital amounting to RON 4.5 mn;
- deferred expenses amounting to RON 5.2 mn mainly represented by: international subscription to ENTSO-E for 2020 (RON 1.3 mn); annual contribution to ANRE for 2020 (RON 1.2 mn); down payments to the contracts concluded with electricity suppliers as necessary to cover one's own technological consumption in future periods (RON 1.4 mn) and others,
- other intangible assets amounting to RON 4.3 mn, of which RON 4.2 mn represent securities for temporary land occupation, calculated and withheld in accordance with article 39 para. (1), para. (2) and

para. (5) of Law 46/2008 on the Forestry Code with a view to perform the investment objective of the 400 kV OHL Resita – Pancevo (Serbia);

- other social receivables amounting to RON 1.6 mn representing medical leave the employer paid to employees, which will be recovered from the National Health Insurance House and the National Pension Fund and other social insurance rights, according to law;

Liabilities

Non-current liabilities amounting to RON 669 mn as of September 30, 2020 registered only 2% decrease compared to the value registered on December 31, 2019.

At the same time, **current liabilities** registered also a 5% decrease (from RON 732 mn as of December 31, 2019 to RON 694 mn as of September 30, 2020), mainly because of reduced volume of transactions on the balancing market simultaneously with decreased value of the monthly bonus under the support scheme of September 2020 compared to that of December 2019.

- As of September 30, 2020 compared to December 31, 2019, **liabilities on balance from the power market** amount to RON 233.6 mn compared to RON 390.2 mn, being influenced by:

- decreased balance of liabilities associated to the balancing market, which was determined by paying the payment obligations on balance on the electricity market on December 31, 2019 on due date and by the reduced volume of transactions on the balancing market in quarter III 2020 compared to quarter IV 2019. Suppliers on the electricity market are represented mainly by: SC Hidroelectrica SA, Electrocentrale Bucharest, OPCOM, Mavir, Energy Complex Oltenia, Energy Complex Hunedoara, OMV Petrom, IBEX, Veolia Energy Prahova, Veolia Energy Iasi.

As of September 30, 2020, their share in the total electricity suppliers was about 81% of the energy market.

- reduced *balance of liabilities associated to operational activities*, mainly determined by paying the payment obligations on balance on the electricity market on 31 December 2019;

- reduced *liabilities associated to the support scheme* to suppliers (producers) were mainly determined by paying the liability corresponding to the monthly bonus of September 2020 compared to the monthly bonus of December 2019.

On September 30, 2020, payment obligations were registered to suppliers (producers) amounting to RON 54.6 mn (RAAN – RON 51.2 mn and CET Govora SA –

RON 3.4 mn), representing the monthly cogeneration bonus, the ante-overcompensation for 2014 & 2015, the unpaid bonus in 2015 & 2016.

The amounts representing Company liabilities under the support scheme to RAAN and CET Govora were withheld from payment according to article 17 para. 5 of Order 116/2013 of ANRE president, since the suppliers (producers) register payment obligations to the Company under the bonus-type support scheme.

- other liabilities amounting to RON 26.7 mn are mainly represented by payment securities of contracts on the electricity market concluded by NPG Co. Transelectrica SA, amounting to RON 16.9 mn.
- ineligible VAT during the reporting period in the amount of RON 8.9 mn and others.

The provisions registered decreases, from RON 70 mn on December 31, 2019 to RON 57.6 mn on September 30, 2020, mainly determined by provisions constituted for the disputes with Conaid Company SRL, Resita City, the National Forest Authority Romsilva, subsidiary OPCOM and other provisions represented by provisions registered for employee holidays not taken; VAT payable provision estimated for the ongoing fiscal audit Endorsement F-MC-326/13.11.2019_TVA for 2014-2016, provision for ANAF Decision regarding accessory fiscal obligations income tax for 2012 – 2016 and a provision for the annual variable component owed to the Directorate and Supervisory Board members, a provision that was updated in the third quarter of 2020 at the same time as the payment of the amounts representing OAVT (virtual stock options) to their beneficiaries, who obtained these rights in court.

Interest-bearing liabilities

On September 30, 2020 the value of non-current borrowings diminished in comparison with 31 December 2019 mainly due to repayments made according to existing loan agreements.

Shareholders' equity

Shareholders' equities increased by 1.3%, mainly determined by registering the net profit achieved on September 30, 2020 into the retained earnings, amounting to RON 152 mn.

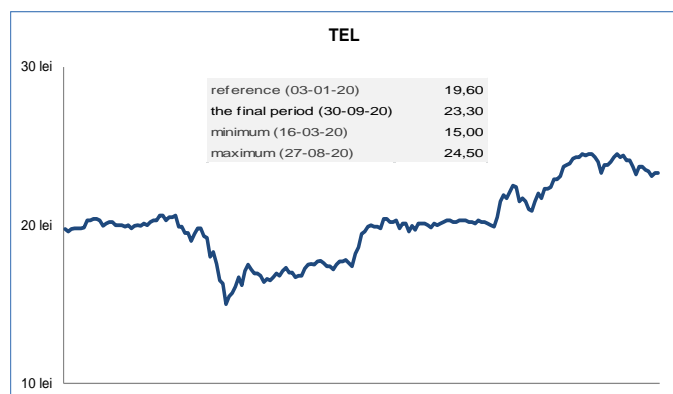
DEVELOPMENT OF SHARES

(01-Jan-2020 to 30-September-2020)

Year 2020 began with a transaction price of 19.60 RON /share. At the end of this period stock exchange capitalisation was of RON 1,708 mn, and the share was at 23.30 RON/share. The minimum transaction price of 15.00 RON/share was registered on 16.03.2020, and

the maximum of 24.50 RON/share was reached on 27.08.2020.

Mention should be made Romania's capital market was impacted by the occurrence of COVID-19 pandemic at the end of the studied period, and implicitly by the economic effects it generated, which was mirrored by stock exchange indexes and the share development of stock-listed companies.



In the first 9M 2020, TEL shares transacted on Romania's capital market registered 12,072 transactions, with an average number of 99 transactions/day and 3,723,780 shares transacted of total value of 79,235 thousand RON.

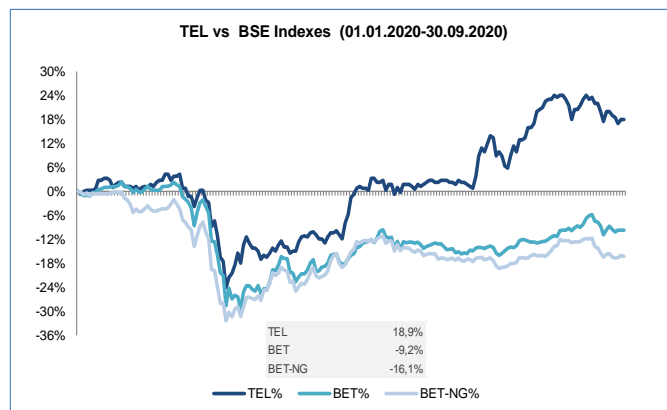
Transelectrica shares belong in the structure of the following stock exchange indexes: BET, BET-BK, BET-NG, BET-TR, BET-XT, BET-XT-TR and BETPlus.

The most representative for the Company from among them are:

- BET (Bucharest Exchange Trading) index - capital market's reference index mirroring the development of the 16 most liquid companies listed on the regulated market of BSE
- BET-NG (Bucharest Exchange Trading Energy & Related Utilities - sectoral index mirroring the development of companies from the energy domain and of associated utilities listed on the regulated market of BSE).

In accordance with the last adjustment date registered on 11.09.2020 TEL shares provide 1.96% share in the BET index and 5.63% in the BET-NG index.

TEL share development against the two indexes can be found in the graph below:



MAIN RISKS AND UNCERTAINTIES

The environment the Company operates in provides uncertainty such as threats for objective achievement or opportunities.

Obviously, knowing such threats enables their hierarchical classification depending on their occurrence, on the magnitude of their impact over objectives and on the costs associated to the measures meant to reduce occurrence hazards or to limit unwanted consequences.

Within Transelectrica risks are periodically systematically analysed for the development of activities and the Risk Register has been established for detected risks, with the proper Action Plan meant to delimit the possible consequences of such risks in accordance with legal provisions.

Among the elements that can influence the Company's liquidity are the following:

- interest rate fluctuation,
- exchange rate variation,
- provisions from financing agreements: financing contracts include clauses with respect to observing certain financial indicators, changes occurring in the control over the Company, and pari passu clauses.
- breaching such clauses can entail, based on preliminary notification and a reasonable amount of time, anticipated payment of the credit; certain credits have penalising clauses in case of anticipated repayment. To date the Company has never received a notification of anticipated repayment for its failure to comply with assumed obligation,
- credit risk: the Company bears financial loss because of a contractual partner's incapacity or refusal to perform contractual obligations. Such risk results mainly from trade receivables, cash and cash equivalents,

- risk of not collecting securities under investment projects: the main cause of such risk results from bank or insurance companies that provide security services without complying with the assumed obligations under the indemnity instruments they have issued,
- the fiscalism level, including the introduction of new taxes and charges.

The Company does not stop at treating the consequences of likely occurring events but it also performs reactive management, implementing measures meant to mitigate risk occurrence. At the same time as provided by standards periodical review of risks leads to re-allocation of resources in compliance with changed hierarchical classifications and implicitly - priorities.

The Company pays proper attention to analysing the risk environment and detects in due time the possible risks that might occur in the future and their approach should be prepared beforehand.

In January-September 2020 the Company has not faced impossible situations preventing it to comply with financial obligations.

Therefore there are no risks and uncertainties for the following months of 2020 financial year, other than those previously described which might impact the Company's liquidity.

In terms of collections in Q III, the Company had no delays but there are punctual demands from suppliers that have encountered liquidity issues to make payments before the established term.

The Company has never been in circumstances of not paying its financial obligations, on the contrary it enjoys very good liquidity.

In the first 9 months of 2020, no problems were recorded in relation with bank partners. On 03.02.2020 the "First Demand Guarantee Agreement" security from BNP Paribas was issued in favour of BEI as per contract C997/20.12.2019 signed by Transelectrica and BNP Paribas to secure the credit BEI 25710/2010 for 3 years.

In conclusion, treasury activities were not influenced by the impact generated by the epidemiologic context of COVID-19 spreading; actually one can notice the net profit increased, being higher than the budget of the current year.

At the same time, for the third consecutive year, the Company obtained the Ba1 (Corporate Family Rating) rating with positive outlook from Moody's Investors Service, highlighting a low business risk profile given the Company's strategic importance, through the continuous improvement of the regulatory framework, as well as the benefit of government support in the event of financial difficulties.

Obtaining the Ba1 rating with positive outlook consolidates a favourable position regarding the Company's capacity to meet its present and future financial obligations, showing that Transelectrica has a sound financial profile with low leverage and strong stable and predictable financial values.

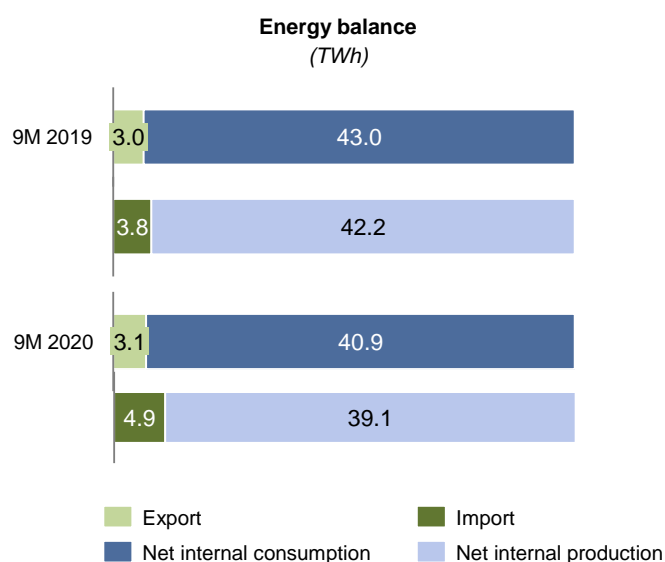


Operational data

ENERGY BALANCE WITHIN SEN

Examining the evolution of power balance components, in January – September 2020 compared to the same period of last year, the net internal consumption¹ decreased by 4.9%, and the net electricity output – 7.3%.

Cross-border export physical exchanges increased by 2.7% compared to the same period of 2019, and cross-border import flows registered a 27.7% increase.



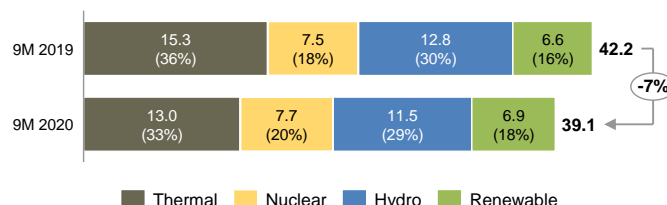
GENERATION MIX

In the generation mix structure of January – September 2020 compared to the same period of 2019, the thermal component dropped about 14.9%, the hydro component – 10.2%. The contribution of renewable and nuclear sources increased by 5.2%, namely 2.1%.

Analysing the shares of components from the net generation mix in January – September 2020 one can notice the greatest share (33.2%) is represented by the thermal component, followed by the hydro component (29.4%), and the electricity generated from renewable and nuclear sources account for about 17.7%, namely 19.6%.

¹ Values do not include the consumption of auxiliary services from electricity generating plants; the net consumption value includes the losses of transmission and distribution networks as well as the consumption of pumps from pumping storage hydropower substations.

Net electricity production mix evolution (TWh)

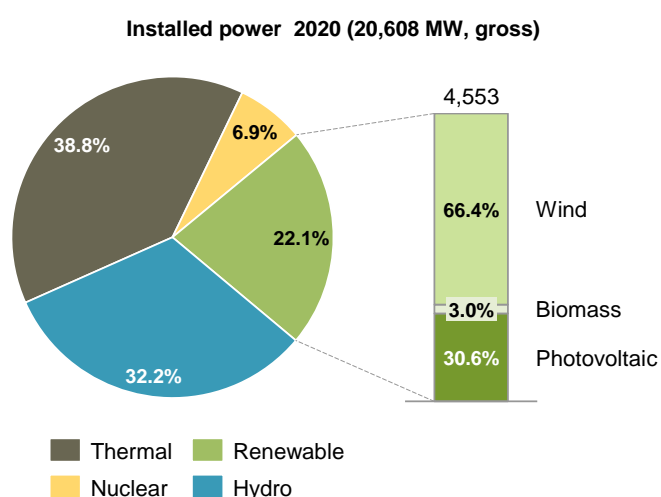


NATIONAL GENERATION FLEET

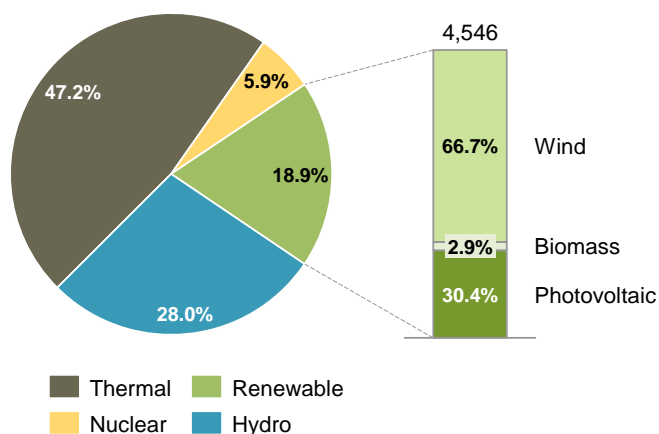
The installed capacity in renewable source power parks increased about 0.2% from 4,546 MW installed as of 30 September 2019 to 4,553 MW installed as of 30 September 2020.

The installed capacity in the entire National Power System of about 24,600* MW does not mirror the reality because there were unavailable units in many power plants which could no longer operate for reasons such as: high technical wear, incompliance with environmental requirements, low efficiency, high production costs, namely financial difficulties of the entities holding them.

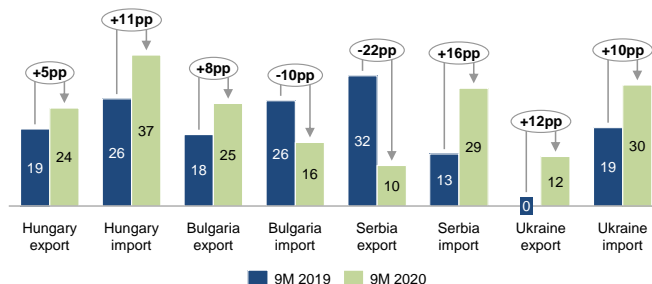
The installed capacity associated to January – September 2020 versus January – September 2019 is shown below:



Installed power 2019(24,106* MW, gross)



Usage rate of total allocated capacity (%)



CROSS-BORDER FLOWS

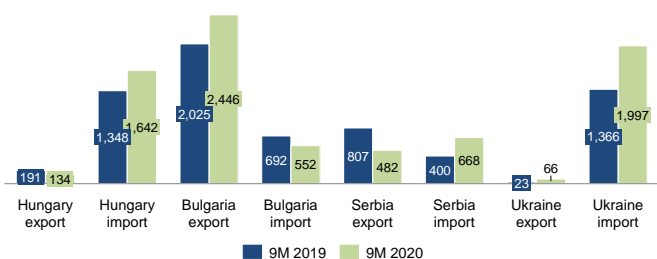
The distribution of physical import/export flows on the interconnection lines in January - September 2020 compared to the same period of 2019 is as follows:

- the export on the Serbian and Hungarian borders decreased and it increased on the Bulgarian and Ukrainian borders; import increased on the borders in an excess electricity generation area, namely the Serbian and Hungarian borders, but also on the interconnection lines from the deficit area in terms of electricity generation, on the Ukrainian border and decreased on the Bulgarian border.

In concrete terms, compared to the interval January - September 2020, export physical flows decreased with Serbia (40% -326 GWh) and Hungary (30% -57 GWh) and increased with Bulgaria (21% +422 GWh) and also with Ukraine (183% +43 GWh), simultaneously with significant growth of import physical flows on interconnection lines with Serbia (67% +268 GWh), Hungary (22% +295 GWh), Ukraine (46% +631 GWh), while Bulgaria (20% -140 GWh).

Both import and export physical flows on each border are provided below:

Physical flows
(GWh)



In January - September 2020 the utilisation rate of the total capacity allocated on interconnection lines for export decreased in comparison with the same period of 2019 in relation with Serbia.

The utilisation level of total capacity rights on a border and direction represents the ratio expressed in percentage between the electricity from the commercial exchanges made (notified) during a month and the electricity corresponding to the total capacity rights.

If we compare the utilisation degree of the capacity allocated to import in quarter III 2020 to quarter III 2019 the capacity allocated to export registered an increase, namely of 166% for commercial export exchanges and of 81% for transited electricity, against a background of high hydraulicity registered nation-wide in this period when the European electricity consumption was lower compared to the same period of 2019, which led to lower electricity prices on the European and national electricity markets and implicitly to reducing the price differences between countries, which determined enhanced cross-border transactions.

ONE'S OWN TECHNOLOGICAL CONSUMPTION

In comparison with the interval January - September 2019, OTC (losses) decreased by about 7.7% within RET in January - September 2020 while the percentage OTC dropped from 2.29% to 2.15%.

The factors that significantly influenced the OTC in January - September 2020, for instance precipitation and the distribution of cross-border physical flows are beyond the control of Transelectrica.

OTC DEVELOPMENT FACTORS

In January 2020 the OTC in absolute value decreased 9.4% compared to January 2019 because of favourable import/export physical flows and a better distribution of output, which have led to reduced electricity transmission at long distance from sources, but also due to better meteorological conditions as regards precipitation, which determined lower corona losses. The percentage of losses compared to the electricity input into RET decreased from 2.31% in 2019 to 2.05% in 2020. The electricity input into the outline increased 2.1% in January 2020 (87.341 GWh) compared to the similar period of 2019 because of about 2.7% (85.7 GWh) increase of electricity received from producers connected to RET and about 9% (61.7 GWh) of the imported one, against the background of about 23.4% (60 GWh) reduced amount of electricity received from RED.

Meteorological conditions were good and the precipitation amount registered was lower than last year, contributing to reduced corona losses.

In February 2020 the OTC in absolute value decreased 8.8% compared to February 2019 because of better import/export physical flows, which have led to reduced electricity transmission to long distance from sources. The percentage of losses compared to the electricity input into RET decreased from 2.34% in 2019 to 1.97% in 2020. The electricity input into the outline increased 8.27% (286.32 GWh) in February 2020 compared to the similar period of 2019, against the background of 4.25% reduced electricity received from producers connected directly to RET (122.475 GWh) and the electricity received from RED by 4.04% (11.021 GWh), while import increased 136.11% (419.816 GWh). Meteorological conditions were bad and the quantity of precipitation registered was higher than last year, determining higher corona losses.

In March 2020 the OTC in absolute value decreased about 1.6% compared to March 2019, especially because of better import/export flows, which have led to reduced electricity transmission at long distance from sources. The percentage of losses compared to the electricity injected into RET dropped from 2.40% in 2019 to 2.38% in 2020. The electricity input into the outline decreased 0.66% (23.719 GWh) in March 2020 compared to the similar period of 2019, against the background of 5.34% reduced electricity received from producers directly connected to RET (156.824 GWh) when import grew 32.16% (108.903 GWh) and the electricity received from RED – 7.93% (24.202 GWh). Meteorological conditions were bad as the amount of precipitation registered was higher than last year, determining higher corona losses.

In April 2020 OTC in absolute value dropped 24.9% compared to April 2019 because of reduced electricity amounts transmitted against a background of decreased electricity consumption owing to the coronavirus pandemic, the better distribution of output that has led to reduced electricity transmission at long distance from sources, but also because of better meteorological conditions in terms of precipitation, which determined lower corona losses. The percentage of losses compared to the electricity input into RET dropped from 2.39% in 2019 to 2.07% in 2020. The electricity input into the outline dropped 13% in April 2020 (435.3 GWh) compared to the same period of 2019 as a result of the about 19.2% (525.5 GWh) drop of the electricity received from producers directly connected to RET and about 5.6% (15.6 GWh) drop of that received from RED, against the about 31.3% (105.7 GWh) growth of electricity from import. Meteorological conditions were more favourable; the amount of registered precipitation

was much lower than last year and contributed to reducing corona losses.

In May 2020 the OTC in absolute value decreased 13.8% compared to May 2019 because of lower amounts of electricity transmitted against an electricity consumption impacted by the coronavirus pandemic, better import/export physical flows on the lines from north-western SEN and a little better distribution of output, which led to reduced electricity transmission to distance from sources, but also due to better meteorological conditions in terms of precipitation, which determined lower corona losses. The loss percentage compared to the electricity injected into RET dropped from 2.49% in 2019 to 2.21% in 2020. The electricity input into the outline decreased 2.8% (91 GWh) in May 2020 compared to the same period of 2019, against reduced electricity amounts received from producers directly connected to RET by 9.95% (249.8 GWh) and received from RED by 45.3% (211.8 GWh), while import increased 153.2% (370.6 GWh). Meteorological conditions were more favourable, the registered amounts of precipitation were lower than last year and determined reduced corona losses.

In June 2020 the OTC in absolute value dropped about 10.5% compared to June 2019 especially because of reduced electricity transmission against lower electricity consumption impacted by the coronavirus pandemic and better import/export physical flows on the lines from the north-western SEN, which led to reduced electricity transmission at a distance from sources. The percentage of losses compared to the electricity injected into RET decreased from 2.38% in 2019 to 2.34% in 2020. The electricity input into the outline dropped 8.7% (285.2 GWh) in June 2020 compared to the same period of 2019, against reduced electricity amounts received from producers directly connected to RET by 19.5% (534.8 GWh) and the electricity received from RED by 16.7% (68.5 GWh), while import grew 230.6% (318.1 GWh). Meteorological conditions were similar, as well as corona losses.

Consumption drops registered values ranging from -14.7% in April, -11.9 % in May, but also in June 2020 compared to 2019.

The electricity output also registered losses in comparison with 2019, namely -17.5% in April, -22.3% in May, decreases that were also found in June.

In the first semester of 2020 the electricity consumption registered -7.2% drop compared to the same period of last year, while the generation registered -13.8% decrease (preliminary values).

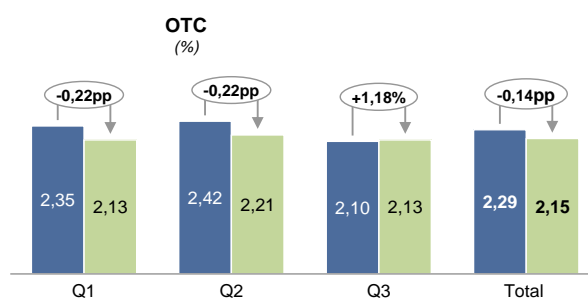
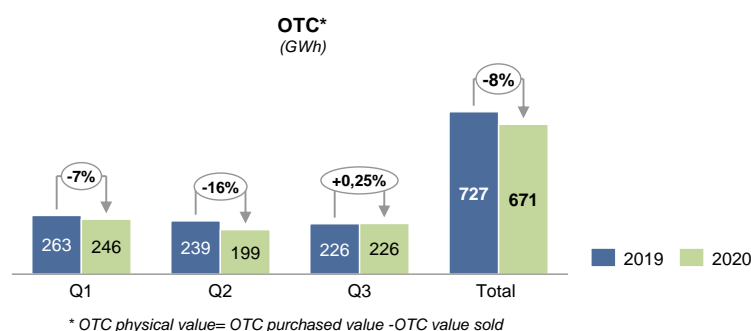
In July 2020, the OTC in absolute value increased by 1.6% compared to July 2019 because of slightly unfavourable import/export physical flows, which led to

reduced electricity transmission at long distance from sources, but also due to unfavourable weather conditions, which determined lower corona losses. The percentage of losses related to the electricity input into RET increased from 1.93% in 2019 to 2.11% in 2020. The electricity input into the outline dropped by 7.2% in July 2020 (258.4 GWh) compared to the similar period of 2019 because of about 12.6% (376 GWh) decrease of electricity received from producers connected to RET, against the background of the increase by about 3.5% (16.528 GWh) of the imported one and about 64.2% (100.718 GWh) of electricity received from RED. The weather conditions were more unfavourable than in the previous year, the higher amount of precipitation recorded contributing to greater corona losses.

In August 2020, the OTC in absolute value decreased compared to August 2019 by 9.3%, due to a better distribution of output, which led to reduced electricity transmission at long distance from sources. The percentage of losses related to the electricity input into RET decreased from 2.26% in 2019 to 2.05% in 2020. The electricity input into the outline increased by 0.3% (12.5 GWh) in August 2020 compared to the similar

period in 2019, amid the increase in electricity received from producers directly connected to RET by 6.87% (190.5 GWh) and in electricity received from RED by 17.96% (29.5 GWh), given the decrease by 31.85% (207.5 GWh) of the imported one. The weather conditions were similar to those of the previous year, the amount of precipitation recorded not having a significant impact on the variation of corona losses.

In September 2020, the OTC in absolute value increased compared to September 2019 by approx. 9.4%, mainly due to the increase in energy transmission and the unfavourable weather conditions, which led to greater corona losses. The percentage of losses related to the electricity input into RET increased from 2.11% in 2019 to 2.22% in 2020. The electricity input into the outline increased by 4.2% (148.2 GWh) in September 2020 compared to the similar period of 2019, amid the increase in electricity received from producers directly connected to RET by 7.7% (210.8 GWh) and in energy received from RED by 49.3% (77.1 GWh), given the reduction of the imported one by 22.1% (139.7 GWh). The weather conditions were unfavourable, causing greater corona losses.



In conclusion in quarter I 2020 OTC within RET decreased about 6.6% compared to the same period of 2019, especially because of better import/export physical flows which led to reduced electricity transmission to distance from sources and due to better meteorological conditions in January 2020, which determined reduced corona losses. Losses decreased from 2.35% to 2.13% against the electricity injected into the outline.

In quarter II 2020 OTC within RET dropped about 16.4% compared to the same period of 2019, especially as a result of reduced electricity transmitted against lower electricity consumption impacted by the coronavirus pandemic, better import/export physical flows on the interconnection lines from north - western SEN and a

little better distribution of output, which led to reduced electricity transmission at distance to sources and better meteorological conditions, which determined lower corona losses.

Losses decreased from 2.42% to 2.21% against the electricity injected into the outline.

In quarter III 2020 OTC within RET increased by about 0.3% compared to the same period of 2019, especially due to an increase in electricity transmission and to unfavourable weather conditions, which determined greater corona losses. Losses increased from 2.1% to 2.13% against the electricity injected into the outline.



Investments

NON-CURRENT ASSETS REGISTERED IN ACCOUNTING BOOKS

The increase of the total value of tangible assets as of September 30, 2020 compared to December 31, 2019 was mainly determined by the accomplishment of investment works in high voltage power stations and lines.

The value of tangible assets registered in accounting books between January and September 2020 is RON 73.4 mn (RON 57.8 mn in the same period of 2019), increasing by RON 15.8 mn.

As of September 30, 2020, the greatest transfers from tangible assets underway into tangible assets are mainly represented by the commissioning of investment objectives as follows:

- Replacing of Autotransformer and Transformer in power stations - Stage 2, step 2 - LOT 1 - LOT 2 – RON 16.9 mn;
- 100 MVAR, 400 kV shunt reactors for the 400 kV substations Arad, Bucuresti Sud and Bradu – RON 13.3 mn;
- Refurbishing 220/110 kV Otelarie Hunedoara substation – RON 11.8 mn;
- Refurbishing 220/110/20 kV Ungheni substation – RON 9.4 mn;
- Changes of 110 kV, 220 kV and 400 kV electric overhead lines to achieve the objective: puncturing Blvd. Nicolae Grigorescu - Splai Dudescu – RON 4 mn;
- Upgrading 400/220/110/20 kV Munteni substation – RON 3.8 mn;
- Upgrading the tele protection & telecommunication system in Cernavoda substation – RON 3.8 mn;
- Modernisation of the DET Timisoara headquarters – RON 1.9 mn;
- Computation technique - hardware & software - desktop PC – RON 1.6 mn;
- Modernisation of 220 kV OHL Cetate - Calafat – RON 1.2 mn;
- Air conditioning systems in the rooms for UNO-DEN servers – RON 0.9 mn;
- Space arrangement for relocation and modernisation of CTSI on the ground floor of industrial building no. 2 TTU Timisoara – RON 0.8 mn;
- Changes to 400 kV OHL Urechesti - Domnesti to achieve coexistence conditions – RON 0.6 mn;

- Verification and testing equipment – RON 0.4 mn;
- Providing safe supply of the 220 V dc auxiliary services of Fantanele substation by replacing the accumulator batteries and resizing the capacity of accumulator battery no. 2 – RON 0.4 mn;
- Aluminum parts production hall located in Bradu-Geamana village, Drumul 23 street, no. 44, Arges county – RON 0.3 mn;
- Modernisation of 220/110 kV Dumbrava substation – RON 0.3 mn;
- The 400 kW fully automated gas-fired thermal power plant for the building situated in Blvd. Hristo Botev 16-18, Bucharest 3 – RON 0.3 mn;
- Thermal rehabilitation of Annex building to the Control Block in Isaccea substation – RON 0.3 mn;
- Replacing the 220 V accumulator battery no. 1 in the 220/110 kV Mintia substation – RON 0.3 mn;
- Upgrading the communal road system Fortului street, village Domnesti, Ilfov county – RON 0.2 mn;
- Video-conference terminal for the TSCNET network, to be installed in UNO-DEN – RON 0.2 mn;
- Hydrocarbon (oil) separator for the concreted platform of Tulcea Vest substation – RON 0.2 mn;
- Professional air conditioning units for the technologic IT&C halls from DETs Bacau, Cluj and Craiova – RON 0.1 mn.

PROCUREMENT OF ASSETS

Tangible and intangible asset procurements in January – September 2020 amount to RON 213.8 mn, increasing compared to the same period of 2019 when procurements amounted to RON 168.9 mn.

The balance of tangible and intangible assets under execution as of 30 September 2020 is represented by ongoing projects, of which the most significant are provided below:

- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I – 400 kV simple circuit OHL Portile de Fier - (Anina) – Resita – RON 58.6 mn;
- Connecting to RET the 300 MW WPP Ivesti, the 88 MW WPP Falciu 1 and the 18 MW WPP Falciu 2 by means of the new (400)/220/110 kV Banca substation – RON 46.9 mn;

- Connecting the 400 kV OHL Isaccea - Varna and the Isaccea - Dobrudja OHL in the 400 kV substation Medgidia Sud – RON 35.5 mn;
- 400 kV double circuit OHL Cernavoda-Stalpu and connection in Gura Ialomitei – RON 74.9 mn;
- Refurbishing the 400/110/20 kV Domnesti substation (BA Dec. 5/19.05.2010) – RON 43.8 mn;
- Refurbishing the 220/110 kV Hasdat substation – RON 39 mn;
- Refurbishing the 220/110 kV Craiova Nord substation – RON 20.1 mn;
- Upgrading the 220/110/20 kV Arefu substation – RON 14 mn;
- Extending the business continuity and post-disaster recovery services in the Executive – RON 14.4 mn;
- 110 kV, 220 kV & 400 kV mobile bays – RON 14.3 mn;
- Upgrading the 220/110/20 kV Raureni substation – RON 9.2 mn;
- Upgrading the 110 kV substations Bacau Sud & Roman Nord, 400 kV Moldova axis – RON 15.6 mn;
- Replacing the software & hardware components of EMS SCADA AREVA system – RON 11.5 mn;
- Upgrading the 220/110 kV Dumbrava substation – RON 11.3 mn;
- Refurbishing 220/110 kV Iaz substation – RON 11.7 mn;
- Integrated security system in electric substations, stage IV – RON 8 mn;
- Replacing AT&T in electric substations, stage 2, step 2, Lot 1 & Lot 2 – RON 0.2 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage I - 400/220/110 kV Resita substation – RON 58.6 mn;
- 400 kV OHL Gadalin - Suceava, including its interconnection to SEN – RON 6 mn;
- 400 kV HVDC Link (submarine cable Romania - Turkey) – RON 5.9 mn;
- Research & development centre of LW technologies and fast intervention into SEN, Centre building – RON 5.8 mn;
- Extending the 400 kV Cernavoda substation, stage I+II, replacing 2 shunt reactors, connecting new lines – RON 8.5 mn;
- 100 MVAR, 400 kV shunt reactors for the 400 kV Arad, Bucuresti & Bradu substations – RON 0.5 mn;
- 400 kV OHL Suceava - Balti for the project segment on Romanian territory – RON 4.4 mn;
- 400 kV double circuit OHL Gutinas – Smardan – RON 4.2 mn;
- Replacing circuit breakers in electric substations – RON 3.7 mn;
- Upgrading the 110 kV & 400 (220 kV) installations from Focsani Vest substation – RON 7.8 mn;
- Installing 400 MVA, 400/231/22 kV AT2 and associated bays in Iernut substation and upgrading the command-control system of the 400/220/110/6 kV Iernut substation – RON 5.9 mn;
- Converting the Portile de Fier - Resita - Timisoara - Sacalaz - Arad axis to 400 kV, stage II, 400 kV double circuit OHL Resita - Timisoara – Sacalaz – RON 4.6 mn;
- Installing the 250 MVA T3 in the 400/110 kV Sibiu Sud substation – RON 3.9 mn;
- Adding new functions to the control system and IT supervision of access in the objectives of NPG Co. Transelectrica SA – RON 3.2 mn;
- Connecting to RET the 136 MW WPP Platonesti, Ialomita county by building a 110 kV bay in the 400/110 kV Gura Ialomitei substation – RON 2.9 mn;
- Integrated security system in electric substations, stage III (BA Dec. 2/2008) – RON 2.8 MN;
- Refurbishing the 400/110/20 kV Smardan substation – RON 2.7 mn;
- By-passing the 110 kV OHL Cetate 1 & 2 near the 110/20/6 kV Ostrovul Mare substation – RON 2.6 mn;
- Connecting to RET the 99 MW WPP Dumesti & the 30 MW WPP Romanesti, Iasi county, by building a 110 kV line bay in 220/110 kV FAI substation – RON 2.5 mn;
- Replacing the 400/400/160 MVA 400/231/22 kV AT 3 ATUS, SF in the 400/220 kV Portile de Fier substation – RON 1.9 mn;
- Refurbishing the 220/110/20 kV Ungheni substation – RON 6.2 mn;
- Upgrading the 400/220/110/20 kV Munteni substation – RON 5.6 mn;
- Consolidation, upgrade & extension of NPG Co. Transelectrica offices, the Executive – RON 1.6 mn;
- 220 kV double circuit OHL Ostrovu Mare - RET – RON 0.4 mn;
- 400 kV OHL Oradea – Beckescsaba – RON 1.5 mn;
- Integrated security system in the new 400/220/110 kV Banca substation – RON 1.1 mn;
- Installing optical fibre communication between the 220/110/20 kV Pitesti Sud substation and the remote control and installation supervision of TTU Pitesti (SF) – RON 1.1 mn;
- Upgrading the 220/110/20 kV Vetis substation, primary equipment – RON 2 mn;
- The 400 kV Stalpu substation – RON 1.1 mn;

INVESTMENT ACTIVITY ON 30.09.2020

Investment expenses on 30 September 2020 by the main chapters of the annual investment plan correlated to the main chapters of the Company's Development Plan are detailed as follows:

No.	Types of expenditures	2020 *Investment Programme (thou. RON)	Achieved (thou. RON)	
			9M 2020	9M 2019
	Grand Total (A+B)	382,422	236,714	164,406
A	Company's own expenses	368,284	227,722	161,436
B	Investments financed from the connection fee	14,138	8,992	2,970

*2020 Annual Investment Programme, revision A8

The achievement level of the investment programme on 30 September 2020 was 61.9% in comparison with the achievements from 9M 2019, investment expenses made in 9M 2020 increased 44%.

FINANCIAL INVESTMENTS OF THE COMPANY

At European level, the energy sector is in a transformation process, focusing on the transition from a predominantly national model of evolution and development of the energy sector to an integrated and coordinated development model at European level that ensures harmonious development at continental level, while allowing adaptation to national specifications, pursuing the legitimate interests of European states.

In this context, the Company is affiliated to the following entities:

- **TSCNET**
- **JAO**
- **SEE RSC**

TSCNET (TSCNET Services GmbH)

It was set up to serve Transmission System Operators (TSOs) in the east-central-western region of Europe (CORE region) in order to coordinate the implementation of European network codes. The membership: participating in the TSCNET shareholding through a share purchase transaction within the company.

By SEGA Decision no. 9 of June 5, 2018, the Company's membership in the Security Coordination Center of the CORE region, TSCNET was approved, by participating in the share capital with a contribution of EURO 470,500 (1 share - EURO 2,500).

JAO (Joint Allocation Office)

Starting with 2019, the tenders for the allocation of long-term capacities are coordinated by JAO, which has been designated as the Operator of the Single Allocation Platform (SAP).

Transelectrica was invited by JAO to become part of its shareholders.

By SEGA Decision no. 10 of August 20, 2018, the Company's membership in the Joint Allocation Office (JAO) was approved with a cash subscription amounting to EURO 259,325, 50 shares being allocated.

SEE RSC (Regional Operational Security Coordination Centre of the South-East European Region)

Through the Romania-Bulgaria border, Romania is part of the coordinated cross-border transfer capacity calculation region of South-East Europe ("SEE"). From the point of view of the regional operational security coordination services, this region will be served by an independent legal entity which will act as the regional operational security coordination center (hereinafter referred to as the SEE RSC).

The Company's membership in SEE RSC's shareholding became effective starting with 22.05.2020, with a cash subscription amounting to EURO 50,000, 50,000 shares being allocated.

CONTRACTUAL ASPECTS

The most important investment contracts signed in January-September 2020 are:

- Refurbishing 220/110/20 kV Baru Mare substations – RON 58.9 mn;
- Connecting the 400 kV OHL Isaccea-Varna and the 400 kV OHL Isaccea-Dobrudja in the 400 KV substation Medgidia Sud, stage I – Extending the 400 kV substation Medgidia Sud – RON 22.4 mn;
- Upgrading the 220/110 Raureni substation – RON 13.7 mn.



Significant events

JANUARY - SEPTEMBER 2020 EVENTS

- **Appointment of provisional Supervisory Board member**

On 06 January 2020 Mr. Ciprian Constantin DUMITRU was appointed provisional Supervisory Board member, with mandate term until 29 March 2020. His appointment became effective on 07 January 2020 once signing the mandate acceptance statement before the notary public.

- **Giving up the mandate of provisional Directorate member**

Mr. Ioan FOLESCU renounced the mandate entrusted as provisional Directorate member of the Company beginning with 09 January 2020, in accordance with what has been written in the communication registered in the Company on 08 January 2020.

- **Appointment of provisional Directorate member**

On 09 January 2020 Mr. Corneliu-Bogdan MARCU was appointed provisional Directorate member, with mandate term until 20 April 2020. His appointment became effective on 10 January 2020 once signing the mandate acceptance statement before the notary public.

- **Completing the membership of Consultative committees within the Supervisory Board**

The Supervisory Board having met on 13.01.2020 appointed Mrs. Luiza POPESCU as Chairperson of the Nomination committee and designated Mr. Ciprian Constantin DUMITRU as member in the Nomination and remuneration committee and in the Energy security committee, thus the membership of consultative committees within the Supervisory Board being:

Nomination and remuneration committee:

- Luiza POPESCU - chairperson
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Oleg BURLACU – member
- Ciprian Constantin DUMITRU - member
- Jean BADEA – member

Audit committee:

- Jean - Valentin COMANESCU – chairman
- Adrian GOICEA - member
- Luiza POPESCU - member

Energy security committee:

- Oleg BURLACU – chairman

- Ciprian Constantin DUMITRU - member
- Adrian GOICEA – member
- Luiza POPESCU - member
- Jean - Valentin COMANESCU – member
- Jean BADEA – member

- **New tariff applicable from 16 January 2020**

Romania's Official Gazette 28/16.01.2020 published ANRE Order 10/2020 amending ANRE Order 218/2019 approving the average tariff of transmission services, the components of the transmission tariff introducing electricity in the grid (TG) and taking electricity out of the grid (TL), providing the tariffs for system services and the regulated price of reactive electricity charged by the Company. Regulated tariffs of electricity transmission and system services are applicable beginning with 16 January 2020.

- **Giving up the mandate of provisional Supervisory Board member**

Mr. Jean BADEA renounced the mandate entrusted as provisional Supervisory Board member in the Company beginning with 04 February 2020, in accordance with what has been written in the communication registered in the Company on 03 February 2020.

- **Appointment of provisional Supervisory Board member**

On 07 February 2020 Mrs. Mihaela CONSTANTINOVICI was appointed provisional Supervisory Board member, with mandate term until 29 March 2020. Her appointment became effective on 10 February 2020 once signing the mandate acceptance statement before the notary public.

- **Appointment of provisional Supervisory Board member**

Mr. Mircea Cristian STAIKU was appointed provisional Supervisory Board member, with mandate term until 29 March 2020. His appointment became effective on 13 February 2020 once signing the mandate acceptance statement before the notary public.

- **Completing the membership of Consultative committees within the Supervisory Board**

The Supervisory Board member designated Mr. Mircea Cristian STAIKU by Decision 20/2020 as member in the Nomination & remuneration committee and in the Energy security committee of the Supervisory Board; Mrs. Mihaela CONSTANTINOVICI as member in the

Nomination & remuneration committee and in the Energy security committee of the Supervisory Board; Mrs. Mihaela CONSTANTINOVICI as member in the Audit committee of the Supervisory Board.

The membership of consultative committees within the Supervisory Board is therefore the following:

Nomination and remuneration committee:

- Luiza POPESCU - chairperson
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Oleg BURLACU – member
- Ciprian Constantin DUMITRU - member
- Mircea Cristian STAICU – member
- Mihaela CONSTANTINOVICI – member

Audit committee:

- Jean - Valentin COMANESCU – chairman
- Adrian GOICEA - member
- Luiza POPESCU - member
- Mihaela CONSTANTINOVICI – member

Energy security committee:

- Oleg BURLACU – chairman
- Ciprian Constantin DUMITRU - member
- Adrian GOICEA – member
- Luiza POPESCU - member
- Jean - Valentin COMANESCU – member
- Mircea Cristian STAICU – member
- Mihaela CONSTANTINOVICI – member

• **ANRE sanction**

On 19 February 2020 ANRE issued Minutes 14107/2020 ascertaining and sanctioning, whereby it found NPG Transelectrica SA trespassed the provisions of article 34 para (2) of the Electricity and natural gas law 123/2012. The Company is contesting the ANRE sanction provided as warning and on 25 February 2020 obtained the cancellation of the minutes ascertaining and sanctioning the offences.

• **Decisions 1 & 2 of the Shareholders' General Ordinary Assembly of the Company / 06 March 2020**

In accordance with AGOA Decision 1 of 06 March 2020 the following persons were designated as provisional Supervisory Board members, with mandate term until 29.03.2020:

- Ciprian Constantin DUMITRU,
- Mircea Cristian STAICU,
- Mihaela CONSTANTINOVICI,

In accordance with AGOA Decision 2 of 06 March 2020 the Investment Programme is established for 2020 financial year and the estimations for 2021 & 2022; the Company's 2020 Revenue and expense budget is approved; the amendment of article 5.2 let. (b) from the

mandate contract approved by AGOA Decision 31/26.11.2019 is approved; cancelling Decision 9/26.09.2017 of the Shareholders' general assembly is approved; cancelling Decision 23/20.09.2019 of the Shareholders' general assembly is approved.

• **Decision 3 of the Shareholders' General Extraordinary Assembly of the Company / 06 March 2020**

In accordance with AGEA Decision 3 of 06 March 2020 amendment of article 7 para (2) pct. 1 from the Articles of association is approved by replacing the phrase "Romanian State through the Ministry of Economy" with the phrase "Romanian State through the Secretariat General of the Government" approved by AGEA decision 3 of 06 March 2020 and the participation of the National Power Grid Company Transelectrica SA is approved to the establishment of the regional coordination centre 2 of operational security, which will serve the coordinated cross-border capacity calculation regions SEE (Bulgaria, Greece and Romania) and GRIT (Greece and Italy) in Greece, Salonika.

• **Continued activity in context of COVID-19**

On 18 March 2020 the Company issued a communiqué with respect to continuing the activities in the context of COVID-19 whereby it informed it has adopted and applies the action plan for continued activity and necessary operations to provide safe running of the National Power System (SEN) in the epidemiologic context generated by COVID-19 (coronavirus) spreading.

• **Decision 4 of the Shareholders' General Ordinary Assembly of the Company / 26 March 2020**

In accordance with AGOA Decision 4 of 26 March 2020 the mandates of the following provisional Supervisory Board members were extended until 29 May 2020:

- Adrian Goicea,
- Luiza Popescu,
- Oleg Burlacu,
- Valentin Jean Comanescu,
- Mihaela Constantinovici
- Ciprian Constantin Dumitru
- Mircea Cristian Staicu

• **Changes in the Directorate membership**

On 08 April 2020 the Supervisory Board decided extending the mandates of provisional Directorate members for two months to the following persons:

- Catalin NITU
- Ionut-Bogdan GRECIA,
- Andreea-Mihaela MIU,
- Corneliu Bogdan MARCU.

It also designated Mr. Marius Viorel STANCIU as provisional Directorate member beginning with 21 April 2020 for two months and elected as Directorate Chairman Mr. Catalin NITU beginning with 21 April 2020 for two months.

- **ANRE Decision of licence 161 amendment for the provision of electricity transmission services**

On 08 April 2020 ANRE issued decision 571 amending licence 161 for the provision of electricity transmission service whereby it extended its validity until 22.12.2025.

- **Signing the contract of support services**

The Company informed that on 16 April 2020 it signed with subsidiary Teletrans a contract of support services to build and operate electronic communication networks in view of using the excess optical fibre capacity from Transelectrica.

- **Recommendations to shareholders in the context of COVID-19**

On 23 April 2020 the Company issued a communiqué with recommendations to shareholders regarding the use of electronic / remote interaction means for the AGOA reunion convened on 28/29 April 2020 in view of limiting the spreading of COVID-19.

- **Decision 5 of the Company's Shareholders' General Ordinary Assembly of 28 April 2020**

In accordance with AGOA Decision 5 of 28 April 2020 the Company's stand-alone and consolidated financial statements for the financial year 2019 were approved, profit distribution was approved as well as constituting reserves for the revenues achieved by allocating the transmission capacity on interconnection lines in 2019; covering the loss from actuarial losses of the surplus from taxable revaluation reserves when changing the destination was approved; dividends distribution was approved from the retained earnings existent on balance on 31.12.2019; liability discharge was approved for Directorate and Supervisory Board members for the financial year 2019; 03 June 2020 was established as ex-date and 25 June 2020 was determined as payment date for dividends distributed from the retained earnings existing on 31.12.2019.

- **Reconfirmation of rating, positive outlook**

On 06 May 2020 the International Rating Agency Moody's Investors Service reconfirmed the rating Ba1 to the Company for the third consecutive year (Corporate Family Rating), with positive outlook, which mirrors a low business risk profile. In addition the Company's rating individually (Baseline Credit Assessments) improved, upgrading from Ba2 to Ba1. The individual rating represents a company's intrinsic capacity to cope with financial commitments without governmental support.

- **Transelectrica has affiliated to SEE RSC**

Beginning with 22.05.2020 the Company's affiliation to the shareholders of the Regional Operational Security Coordination Centre of South-Eastern Europe (SEE RSC) „Sotheast Electricity Network Coordination Center (SeleNeCC) Cociete Anonyme” became effective with cash subscription amounting to 50,000 Euro, thus the Company was allocated 50,000 shares.

- **Dividends payment procedure**

On 27 May 2020 according to AGOA decision of 28 April 2020 the Company transmitted the payment procedure of dividends distributed from the retained earnings existent on balance on 31.12.2019. Dividends were paid beginning with 25 June 2020 (pay date) to the shareholders registered on 04 June 2020 in the Shareholders' Register of the Company, with ex-date on 03 June 2020, by the Central Depository SA.

- **Decision 6 of the Company's Shareholders' General Ordinary Assembly of 28 May 2020**

The majority shareholder the Romanian State through the Secretariat General of the Government requested completing the agenda of AGOA scheduled on 28/29.05.2020 by appointing some provisional Supervisory Board members in the Company beginning with 30 May 2020 and establishing the mandate term. The proposals of the Secretariat General of the Government to appoint the provisional Supervisory Board members were the following:

- Adrian GOICEA
- Luiza POPESCU
- Oleg BURLACU
- Jean-Valentin COMANESCU
- Mihaela CONSTANTINOVICI
- Ciprian Constantin DUMITRU
- Mircea Cristian STAIU.

In accordance with AGOA Decision 6 of 28 May 2020 the appointment was approved of the persons nominated in the proposals of the Secretariat General of the Government as provisional Supervisory Board members in the Company for four months beginning with 30 May 2020 until 29 September 2020.

- **Decision 7 of the Company's Shareholders' General Extraordinary Assembly of 28 mai 2020**

In accordance with AGEA Decision 7 of 28 May 2020 the principle increase of the Company's share capital is approved with the contribution in kind represented by the value of 17 lands which the Company obtained ownership certificates for and submitting to the Trade Register the proposal to designate JPA Audit and Consultancy SRL as evaluator licensed by ANEVAR to assess according to legal terms the contribution in kind

that increased the share capital; and by the Supervisory Board's agreement the establishment or cancellation is approved of secondary headquarters (branches, territorial units, representation offices, agencies or other similar units without legal personality).

• **Chairman appointment and approving the membership of Consultative Committees within the Supervisory Board**

In accordance with statutory and legal attributions the Supervisory Board having met on 02.02.2020 appointed Mr. Adrian GOICEA as Supervisory Board Chairman and designated the members in the Consultative committees from the Supervisory Board as follows:

Nomination and remuneration committee:

- Luiza POPESCU - chairperson
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Oleg BURLACU – member
- Ciprian Constantin DUMITRU - member
- Mircea Cristian STAIU – member
- Mihaela CONSTANTINOVICI – member

Audit committee:

- Jean - Valentin COMANESCU – chairman
- Adrian GOICEA - member
- Luiza POPESCU - member
- Ciprian Constantin DUMITRU - member
- Mihaela CONSTANTINOVICI – member

Energy security committee:

- Oleg BURLACU – chairman
- Ciprian Constantin DUMITRU - member
- Adrian GOICEA – member
- Luiza POPESCU - member
- Jean - Valentin COMANESCU – member
- Mircea Cristian STAIU – member
- Mihaela CONSTANTINOVICI – member

• **Cancellation / establishment of Company secondary offices on 10.06.2020 and on the same date entry into force of the amendments to the Articles of Association approved by HAGEA 7/28.05.2020**

On 02 June 2020 the National Office of the Trade Register, Office of the Trade Register from Bucharest Tribunal admitted the registration of Directorate Decisions 116/2020 and 117/2020 that approved, as of 10 June 2020 the cancellation of the Company's secondary offices with no legal personality, namely the Transmission Branch Bacau, the Transmission Branch Bucharest, the Transmission Branch Cluj, the Transmission Branch Craiova, the Transmission Branch Constanta, the Transmission Branch Timisoara, the Transmission Branch Pitesti, the Transmission Branch

Sibiu and establishing the following secondary offices without legal personality, namely the Teritorial Transmission Unit Bacau, the Teritorial Transmission Unit Bucharest, the Teritorial Transmission Unit Cluj, the Teritorial Transmission Unit Craiova, the Teritorial Transmission Unit Constanta, the Teritorial Transmission Unit Timisoara, the Teritorial Transmission Unit Pitesti, and the Teritorial Transmission Unit Sibiu. The amendments of the Articles of Association approved by HAGEA 7/28.05.2020 entered into force on 10 June 2020.

• **Appointing provisional Directorate members**

At the 09 June 2020 meeting the Company's Supervisory Board designated as provisional Directorate members beginning with 21 June the following persons:

- Catalin NITU
- Ionut-Bogdan GRECIA,
- Andreea-Mihaela MIU,
- Marius-Viorel STANCIU
- Corneliu Bogdan MARCU.

The mandate is granted for four months beginning with 21 June 2020 with possible extension for sound reasons with two more months, but the mandate term will not exceed the completion date of the selection procedure for Directorate members in the Company, according to the terms of OUG 109/2011, if the procedure will be completed within this time interval.

At the same time the Supervisory Board appointed Mr. Catalin NITU as Directorate Chairman, alternatively called Executive Director General or Chief Executive Officer – “CEO” – of the Company.

• **Regulated tariffs applicable as of 01 July 2020**

The Official Gazette 567/30.06.2020 published Order 142 amending Order 218/2019 of ANRE president approving the average tariff of transmission services, the components of such transmission tariff for electricity input into the grid (TG) and electricity extraction from it (TL), the tariffs of system services and the regulate price of reactive electricity charged by the Company.

System service tariffs are valid beginning with 01 July 2020 as follows:

Service	Tariff applicable from 01 July 2019	Tariff applicable from 01 July 2020	Difference
	RON/MWh	RON/MWh	%
Tariff for system services, of which	14.89	14.45	▼ 2.96
I. Functional system services	1.84	2.49	▲ 35.32
II. Technological system services	13.05	11.96	▼ 8.32

- **Letter of expectations for Transelectrica SA**

On 15 July 2020 the Secretariat General of the Government, in capacity of superior public authority transmitted to the Company the Letter of expectations whereby it established the desires of shareholders regarding the performance of NPG Transelectrica SA and of the Supervisory Board and of the Directorate for four years, as a result of completing the agenda of the Shareholders' general ordinary assembly, convened on 31 July 2020 / 03 August 2020.

- **Transelectrica, founder TSO of the Electricity Network Coordination Centre of South-Eastern Europe**

On 27 July 2020 the Transmission and System Operators from Greece (IPTO), Italy (TERNA SpA), Romania (Transelectrica) and Bulgaria (ESO-EAD) announced the establishment of the Coordination Centre for the South-Eastern Europe Electricity Network ("CC SEleNe") in Tessalonic, Greece. The four TSO participate equally to the share capital of the new Company.

- **Resuming the execution of Oradea – Nadab section**

On 29 July 2020 the Company signed the execution contract of the work to complete the Oradea Sud – Nadab segment, part of the 400 kV OHL Oradea - Bekescsaba. The work amounts to more than 4 million RON and will be performed within 12 months by Electromontaj SA.

- **Decision 8 of AGOA of 31 July 2020**

In accordance with AGOA Decision 8 of 31 July 2020 approval was provided to launch the selection procedure for the Company's Supervisory Board members, while applying the provisions of article 29 para (1), para (2) and para (5) from the Governmental Emergency Ordinance 109/2011 regarding the corporative governance of public enterprises, approved with amendments and additions by Law 111/2016, the Supervisory Board's profile and that of candidates for the position of Supervisory Board member.

- **Failure in Alba-Iulia transformer substation**

On September 11, 2020, at 12.46, a failure occurred in the 220/110/20 kV Alba-Iulia transformer substation, which affected the electricity supply of some limited areas in the city of Alba Iulia, in the span of 46 minutes. The interrupted consumption was about 10 MW, and the electricity supply of all consumers was restored at 13.32.

The incident occurred during scheduled maintenance works. According to the procedures, the specialist teams analyse the technical conditions in which the incident occurred and the causes that led to it.

- **Major holdings of PAVAL HOLDING SRL and DEDEMAN SRL (over/under 5% of TEL share capital)**

On September 25, 2020, Transelectrica notifies of the major holdings of PAVAL HOLDING SRL and DEDEMAN SRL (over/under 5% of TEL share capital). Thus, according to the Notifications received:

- following the transaction carried out, on September 18, 2020, DEDEMAN SRL transfers part of the voting rights to an affiliated company. Thus, the percentage of voting rights held by DEDEMAN SRL following the transaction in question, falls below the threshold of 5%, respectively 2.058% and PAVAL HOLDING SRL holds 4.085%, while PIF INDUSTRIAL SRL holds 0.341% of the voting rights;

- following the transaction made on September 22, 2020, DEDEMAN SRL transfers to PAVAL HOLDING SRL the 2.058% of TEL share capital. Thus, PAVAL HOLDING SRL acquires over 5% of the shares issued by "Transelectrica", respectively 6.144% of TEL share capital.

Therefore, the percentage held, in concert, is 6.484% of the share capital of "Transelectrica" SA, respectively PAVAL HOLDING SRL–6.143% and PIF INDUSTRIAL SRL–0.341%.

- **SOGA Decisions no. 9 and no. 10 of September 28, 2020**

According to Decisions no. 9 and no. 10 of September 28, 2020, the appointment of the Supervisory Board members of National Power Grid Company Transelectrica SA was approved, starting with September 30, 2020, for a 4-year period, the Supervisory Board members' remuneration was established and the form of the mandate contract to be concluded with the Supervisory Board members was approved as the one proposed by the shareholder the Romanian State, through the General Secretariat of the Government.

During the same meeting, the Supervisory Board Report on the administration activity of NPG Co. Transelectrica SA was presented (January-June 2020).

- **Acceptance of mandates of Supervisory Board members, election of the Supervisory Board Chairman and membership of advisory committees within the board**

The Supervisory Board members, appointed by the SOGA Decision no. 9 of September 28, 2020, signed the declaration of acceptance of the mandates on September 30, 2020, their appointment becoming effective on the same date.

At the same time, the Supervisory Board, meeting on September 30, 2020, elected Mr. Adrian GOICEA as

Supervisory Board Chairman and appointed the members of the Supervisory Board advisory committees, as follows:

Nomination and remuneration committee:

- Oleg BURLACU – chairman
- Adrian GOICEA - member
- Jean - Valentin COMANESCU - member
- Luiza POPESCU – member
- Ciprian Constantin DUMITRU – member
- Mircea Cristian STAICU – member
- Mihaela POPESCU – member.

Audit committee:

- Jean - Valentin COMANESCU – chairman
- Adrian GOICEA - member
- Luiza POPESCU – member
- Ciprian Constantin DUMITRU – member
- Mircea Cristian STAICU – member
- Oleg BURLACU – member.

Energy security committee:

- Luiza POPESCU - chairman
- Ciprian Constantin DUMITRU – member
- Adrian GOICEA - member
- Oleg BURLACU – member
- Mihaela POPESCU – member.

LATER EVENTS

• **Recruitment announcement for the position of Transelectrica Directorate member**

On October 1, 2020, the Company announced the start of the process of recruiting and selecting candidates for nomination in order to appoint the Company's Directorate members. The recruitment notice includes the stages of the recruitment and selection process of the candidates, the participation conditions, the submission of application files, the required documents for the submission of the application, the selection criteria and other information.

• **The fifth edition of the International Conference "Regional South-East European Conference - RSEEC 2020"**

On October 12, 2020 - the opening of the fifth edition of the International Conference "Regional South-East European Conference - RSEEC 2020" which was held online during October 12-14, 2020.

The RSEEC 2020 conference is a biennial event, traditionally organised by the Romanian National Committee CIGRE (International Council on Large Electric Systems), supported by National Power Grid Company Transelectrica SA and the Polytechnic University of Bucharest, as co-organisers, representing a major event in the energy field, offering an opportunity

for energy engineers in Romania and the business environment to present the results of their work and research.

During the event, papers and tutorials were presented, raising topics of interest such as the state of technology for future power grids, new equipment, environment and sustainability, active transmission and distribution networks, smart cities, the key factor of electricity for society development.

• **Transelectrica - consistent contribution to the endowment of the SCADA laboratory within UPB**

In the opening of the fifth edition of the International Conference "Regional South-East European Conference - RSEEC 2020", in the presence of Mr. Antonel TANASE, Secretary General of the Government of Romania - with the rank of minister, the first SCADA Laboratory was inaugurated at the Polytechnic University of Bucharest.

The endowment of the laboratory was provided by NPG Co. Transelectrica SA, with the contribution of SIEMENS Energy Romania, but also of other companies operating in the energy field, such as Siemens Romania and Eneroptim, in partnership with the Polytechnic University of Bucharest.

Within the SCADA Laboratory, a microstation was built consisting of command - control - protection equipment in digital technology, similar to the most modern facilities currently operating in NPG Co. Transelectrica SA installations, to ensure power transmission under safety conditions.

• **Extension of mandates for provisional Directorate members**

As the mandates of the current provisional Directorate members expired on October 20, 2020, in its meeting on October 12, 2020, the Supervisory Board extended the mandates of the Directorate members for the current provisional members

- Catalin NITU
- Ionut-Bogdan GRECIA
- Andreea-Mihaela MIU
- Marius-Viorel STANCIU
- Corneliu Bogdan MARCU

with a two-month period, from October 21, 2020.

The mandate duration of the provisional Directorate members will not exceed the completion date of the selection procedure for the Directorate members of National Power Grid Company Transelectrica SA, under the conditions of GEO no. 109/2011, if the procedure will be completed within this interval.

At the same time, Mr. Catalin NITU was elected as Directorate Chairman, alternatively called Executive

Director General or Chief Executive Officer - “CEO” - of National Power Grid Company Transelectrica SA, for a two-month period, starting with October 21, 2020.

- **Mandate termination of a provisional Directorate member**

Mr. Ionut-Bogdan GRECIA resigned from the mandate of provisional Directorate member, starting with October 27, 2020, in accordance with those entered in the communication registered within the Company. Starting with October 28, the Directorate carries out its activity with the members in office on the date of the press release.

- **Appointment of provisional Directorate member**

On October 29, 2020, Mr. Ovidiu ANGHEL was appointed as a provisional Directorate member, with a term of office until December 20, 2020, the appointment becoming effective on October 30, 2020, with the signing before the notary public of the declaration of acceptance of the mandate.



Other issues

SHAREHOLDERS STRUCTURE

On 30.09.2020 the structure of Company shareholders was the following:

Shareholder name	No. of shares	Shares in total
Romanian State	43,020,309	58.7%
PAVAL Holding	4,503,567	6.1%
Privately Managed Pension Fund NN	4,007,688	5.5%
Other shareholders – legal persons	16,334,695	22.3%
Other shareholders - natural persons	5,436,883	7.4%
Total	73,303,142	100%

DIRECTORATE MEMBERSHIP

On the date of this report the Directorate membership is the following:

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

TARIFFS

The factors with significant contribution to changing the tariffs at the last review operated by ANRE for tariffs applicable as of 01.07.2020 according to ANRE Order 142/29.06.2020 are detailed below:

Index	Tariff	m.u	Approved value 1 Jul 2019-30 Jun 2020	Approved value 1 Jul-31 Dec 2020	Approved value 16 Jan-31 Dec 2020	Difference %
A	Electricity transmission	lei/MWh			17.97	-
B	System services, from which:	lei/MWh	14.89	14.45	-	-2.9%
C	Functional system services	lei/MWh	1.84	2.49	-	+35.3%
D	Technological system services	lei/MWh	13.05	11.96	-	-8.4%

Serviciul functional de sistem

Tariff increase (+35.3%) is explained by the influence of the 2.9% inflation forecasted for the tariff year *July 1, 2020 – June 30, 2021*, 26% increase of the regulated revenues and the 6.5% decrease in the forecasted amount of chargeable electricity.

When establishing the regulated revenue for the tariff year *July 1, 2020 – June 30, 2020*, ANRE achieved corrections according to applicable regulations and accepted increased forecast of regulated costs and the reduction of the quantity that can be billed forecasted by Transelectrica. The following factors have been taken into calculation to establish the regulated revenue:

1. Ex-post corrections – applied in order to compensate the differences between the forecasted values used for

tariff calculation in the previous tariff years and the actual values recorded, namely:

a) final corrections associated to the difference between the estimated costs and revenues and those achieved for the year *July 1, 2018 – June 30, 2019*, amounting to + RON 15.7 mn;

b) half result of corrections associated to the difference between the estimated and achieved values for the year *July 1, 2019 – June 30, 2020*, amounting to + RON 11.6 mn;

2. The annual forecast of recognised costs in the regulated revenue approved for *July 1, 2020 - June 30, 2021* is 19% higher in nominal terms than the annual cost forecast included in the previous tariff for *July 1, 2019 - June 30, 2020*. The increase was generated by

increasing the costs of unplanned exchanges, the costs of regulated amortisement, the costs due to the implementation of European codes, etc.

3. Following the economic effects generated by the COVID-19 pandemic, the quantity of electricity that can be billed upon grid extraction was reduced from 56 TWh for the previous tariff year forecast to 52.3 TWh for *July 1, 2020 - June 30, 2021*. In the scenario where the quantity of electricity that can be billed upon grid extraction would have been recognised by ANRE for *July 1, 2020 - June 30, 2021* with the same value as that for *July 1, 2019 - June 30, 2020* (56 TWh) its impact over the tariff is + 6.9%.

Technological system service

The annual forecast of recognised costs in the new tariff for the procurement of technological system services in the tariff year *July 1, 2020 - June 30, 2021* is lower than the forecast of recognised costs in the previous year by RON 42.1 mn, as a result of the cessation of Emergency Ordinance no. 26/2018 regarding the adoption of measures for the security of electricity supply, which

provided in art. 1, para. (1) that in order to maintain the safety level of the National Power System, the Company Complexul Energetic Hunedoara SA has the obligation to provide technological system services to the transmission system operator at a power value of at least 400 MW. Thus, the purchase of reserves will be exclusively made through tenders organised by the Company.

Also, compared to the previous tariff which covered a positive ex-post correction, as well as a correction related to the forecast of revenue from penalties, the contribution of these changes is - 14.3%;

2. Following the economic effects generated by the COVID-19 pandemic, the quantity of electricity that can be billed upon grid extraction was reduced from 56 TWh for the previous tariff year forecast to 52.3 TWh for *July 1, 2020 - June 30, 2021*. In the scenario where the quantity of electricity that can be billed upon grid extraction would have been recognised by ANRE for *July 1, 2020 - June 30, 2021* with the same value as that for *July 1, 2019 - June 30, 2020* (56 TWh) its impact over the tariff is + 5.9%.

SIGNIFICANT TRANSACTIONS

In accordance with the provisions of article 82 of Law 24/2017 regarding the significant transactions concluded with affiliated parties during January - September 2020, Current reports included:

- Current report of 06 January 2020 – addendum 6 to contract C256/2014 was concluded on

23.12.2019 with subsidiary Teletrans SA as provider.

- Current report, 16 April 2020 - contract C75/14.04.2020 concluded with subsidiary Teletrans SA as provider.

DISPUTES

The most important disputes impacting the Company are provided further:

Note: To facilitate reading and understanding, all amounts of this chapter are expressed in Lei / Euro

▪ RAAN

File 3616/101/2014 was registered on the docket of Mehedinti Tribunal, Section II Civil, Administrative and Fiscal Disputes pertaining to “claims amounting to 1,090,831.70 Lei, value of invoice 1300215/31.12.2013”, file in which the Company is defendant, the claimant being the Autonomous Authority for Nuclear Activities RAAN.

Civil ruling 127 pronounced on 10.10.2014 by Mehedinti Tribunal decided admitting the request filed by claimant RAAN and compelling the Company to pay 1,090,831.70 Lei, the amount under invoice 1300215/31.12.2013.

The Company filed appeal requesting the court to admit it as filed, cancel the decision and rulings appealed against and refer the case to the territorial competent court for judgment, ascertaining the compliance with the requirements in article 1616-1617, Civil Code, for which reason it requested ascertaining the lawful compensation of mutual liabilities and their quenching up to the concurrence of the least amount thereof, namely the total sum the claimant asked in the summons and compel the recurrent - claimant to pay the expenses incurred with this appeal.

The appeal was registered on the docket of the High Court of Cassation and Justice that decided cancelling decision 843/2015 and referring the case for re-

judgment to the same instance, the Appeal Court Craiova.

Ruling 124/2017 of the Appeal Court Craiova admitted the appeal filed by Transelectrica and cancelled decision 127/2014 pronounced by Mehedinti Tribunal, and the case was referred to Bucharest Tribunal, Section VI Civil for re-judgment. On the docket of Bucharest Tribunal the case was registered under no. 40444/3/2017, which by civil ruling 4406/04.12.2017 decided admitting the request filed by RAAN and obliged Transelectrica to pay 1,090,831.70 Lei. This sentence was contested by appeal. The hearing term was set on 13.12.2018.

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

Under such circumstances RAAN calculated penalties for its not collecting the due cogeneration bonus amounting to 3,496,914 Lei, withheld by the Company on behalf of uncashed receivables. The Company refused paying the amount of 3,496,914 Lei, which was not registered as liability under the support scheme.

File 9089/101/2013/a152 pertained to contestation against the additional Receivables Table and against debtor RAAN, the disputed amount being 89,360,986 Lei.

Transelectrica SA was recorded with only 11,264,777 Lei in the table of debtor RAAN, in the receivables category resulting from the debtors' continued activities, although the Company requested the amount of 89,360,986 Lei. But the remaining 78,096,209 Lei were not registered in the preliminary receivables table on reason that "they are not found as payable liability in the accounting books of RAAN". Moreover the judiciary liquidator considered the request to record the amount of 78,096,209 Lei as being late since it related to 2011 – 2013, for which reason the receivable statement should have been expressed when the insolvency procedure was opened, namely on 18.09.2013. Contestation was submitted against the preliminary receivables table and Mehedinti Tribunal admitted the accounting expertise evidence.

On the 14.06.2018 hearing term the case judgment was suspended until settlement of file 3014/2/2014 found on the docket of the High Court of Cassation and Justice, and on 14.02.2019 Mehedinti Tribunal decided connecting the fore-mentioned file to the one marked 9089/101/2013/a140 (pertaining to claims – payment demand). Thus case judgment was postponed since the instance considered it useful for case settlement to present Civil decision 2969/26.09.2018, pronounced by the High Court of Cassation and Justice under file

3014/2/2014, pertaining to cancelling Decision 743/2014 of ANRE president 743/2014.

The settlement of Mehedinti Tribunal by Decision 163 / 20.06.2019 is the following: It admits the exception of decline. It partly admits the main matter as well as the connected contestation. It compels the defendant to pay 16,950,117.14 Lei to the claimant; receivable occurred during the procedure and decided registering this amount in the creditors' table constituted against debtor RAAN. It denies the other connected requests. In accordance with article 453 para 2 from the Civil Procedural Code it compels the defendant to pay 1000 Lei to the claimant as law court expenses. Appeal right is granted. It was pronounced at public hearing; Document - Ruling 163/20.06.2019.

On the 06.11.2019 term the appeal was denied as groundless; final decision; Ruling 846/06.11.2019.

Transelectrica filed review request for contradictory rulings, registered under file 1711/54/2019 with hearing term on 26.03.2020 in the Appeal Court Craiova, which will refer the file to High Court of Cassation and Justice for competent settlement.

On 26.03.2020 the hearing term was changed, the following one being 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 Dispute Section; Ruling 140/21.05.2020. *The new hearing term was established on 03.02.2020.*

In the bankruptcy file of RAAN registered under no. 9089/101/2013, on 08.10.2020, Mehedinti Tribunal postponed the case. The solution in short: a term was granted for the continuation of liquidation proceedings, the representation of the debtor's interests in the litigation pending, the consolidation of the bankruptcy mass, the continuation of measures to recover debts, the continuation of public tenders to capitalise the debtors assets. The following hearing term was set for **04.02.2021.**

▪ COURT OF AUDIT

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

On 13.06.2018 the claimant's case was partly admitted. It cancels conclusion 7/20.02.2014, decision 37/9.12.2013 and the control report 35521/6.11.2012 elaborated by the defendant with respect to the measures included in the fore-mentioned decision in items 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 partly the measure of item II.13 meaning to remove the phrase "including what has been found about the invoices issued by FLOREA ADMINSTRARE IMOBILIARA SRL". It denies the other request of the claimant as groundless. It acknowledged the electric power technical expertise report executed for the case by expert Toaxen Vasile. It compels the defendant to pay 121,375 Lei to the claimant as law court expenses (in part expert fees and judiciary stamp tax). Document granted - ruling 2771/13.06.2018.

Transelectrica filed appeal on 14.06.2019. *The following term was established on 28.10.2021.*

Following a control performed in 2017 the Court of Audit decided certain measures to be implemented by the Company as result of some deficiencies found on the occasion of such control. The Company submitted 8 contestations against the measures provided by the Romania's Court of Audit (CCR) by Decision 8/27.06.2017, requesting their cancellation, and against Conclusion 77/03.08.2017 registered in the Company's registration office under no. 29117/08.08.2017, and the Audit Report 19211/26.05.2017. Contestations are under settlement on the docket of the Appeal Court of Bucharest (2 files: 6576/2/2017 on cancelling the findings from items 7.1, 7.2 and 8, as well as the measure provided in item II.10, with hearing term on 28.10.2020 and file 6581/2/2017 on cancelling the findings from item 6 and the measure provided in item II.9, with hearing term on 04.12.2020) on the docket of the High Court of Cassation and Justice (5 files: 6577/2/2017 on cancelling the findings from item 13 and the measure provided in item II.13, no set hearing term; file 6578/2/2017 on cancelling the findings from item 9 and the measure provided in item II.11, with term on 08.06.2022; file 6580/2/2017 on cancelling the findings from item 10 and the measure provided in item II.12, term on 04.02.2021; file 6582/2/2017 on cancelling the findings from item 11 and the measure provided in item I.5, hearing term on 19.10.2020; solution: dismiss the appellant's appeals as unfounded. File 6574/2/2017 on cancelling the findings from item 5.2 and the measure provided in item II.8, hearing term on 20.04.2021), and one file was settled for good by the Appeal Court of Bucharest denying the cancellation request and the High Court of Cassation and Justice denying the appeal (file 6583/2/2017 on cancelling the findings from item 5.1 and the measure provided in item II.7).

■ ANRE

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

On 26.06.2014 ANRE Order 51 was issued and published in the Official Gazette 474/27.06.2014 regarding approval of the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services charged by the National Power Grid Company Transelectrica SA and cancellation of annex 1 to Order 96/2013 of ANRE President approving the average tariff for transmission services, the system service tariffs and zone tariffs for transmission services and the tariffs for reactive electricity charged by economic operators of the electricity sector. The values taken into calculation for the regulated rate of return (RRR^1) by ANRE in accordance with the Methodology establishing the tariff for electricity transmission services approved under ANRE Order 53/ 2013 ("Methodology"), have determined a RRR value of 7.7%.

On the 27.03.2018 hearing term the expert fee established on the claimant's behalf was paid and a letter will be transmitted to the expert in order to elaborate the approved expertise report and submit it to the file.

On the 25.09.2018 hearing term the settlement in brief was to return by letter to the expert, with a view to elaborate the expertise report and submit it to the file, also mentioning it is impossible to submit the expertise report until the hearing term, which reason will decide postponing the case.

On the 22.01.2019 hearing term the instance approved in principle the accessory intervention request in the defendant's interest (ANRE), expressed by the intervenient ALRO SA, appeal granted with the substance matter. On 25.06.2019 the decision was taken to defer the case in order to enable the parties to get acquainted with the content of the expertise report,

¹RRR- The Regulated Rate of Return is found in specific literature under the short name of WACC – Weighted Average Cost of Capital – and the formula of the two indicators isresemblant: $RRR = WACC = CCP + Kp/(1 - T) + CCI \times Ki$

therefore a new judgment term was granted on 10.09.2019.

On the 10.09.2019 hearing term taking into account the request from the claimant's representative to get acquainted with the content of objections expressed by the intervenient and to enable an answer to such objections, also specifying the claimant submitted meeting notices accompanied by writs requiring translation, it admitted the case deferral request and decided setting a new hearing term on 03.12.2019.

This dispute did not impact the relationship with ANRE nor the Company's financial results.

On the 03.12.2019 hearing term the case was postponed and a new hearing term was established in order to resume the letter to the expert in order to submit an answer to objections, specifying to come to court at the following hearing term. It will notify to the expert to transmit a copy of his answer to objections to each party before the hearing term.

On the next term - 12.05.2020 the file was suspended during the entire emergency state period.

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

On 06.10.2020, the claim was rejected with the following solution in short: the exception of inadmissibility was rejected as unfounded. The action was dismissed as unfounded. With appeal within 15 days from the communication. Delivered by making the solution available to the parties, through the court registry. Decision 362/2020.

- **OPCOM**

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

Previously, the Shareholders' General Assembly of the subsidiary SC OPCOM SA, at their meeting of 10.06.2014 decided upon full payment of the fine amounting to 1,031,000 Euro imposed by the Directorate General for Competition, European Commission for breaching of Article 102 of the Treaty on the European Union Functioning, according to the Decision AT 39984 in the antitrust case.

Also OPCOM SA requested the law court to compel the Company paying 84,867.67 Lei as legal interest related to the 11.06.2014 – 24.11.2014 time interval, which was added the law court expenses amounting to 37,828 Lei.

The case instituted by OPCOM SA is the subject of file 40814/3/2014, on the docket of Bucharest Tribunal, Section VI Civil, pertaining to claims, subject matter - dispute with professionals.

On 24.07.2015 during the law court session the instance admitted the summons filed by claimant Electricity and Natural Gas Market Operator OPCOM SA in contradiction with defendant National Power Grid Company Transelectrica SA and obliged the defendant to pay 582,086.31 Euro to the claimant which was the amount the claimant has paid instead of the defendant from the sum of the 1,031,000 Euro fine applied by Decision of the European Commission on 05.03.2014 in the case AT.39984, as well as the legal interest associated to 582,086.31 Euro, calculated from 11.06.2014 until actual payment. The instance also obliged the defendant payment 37,828 Lei as law court expenses, with appeal right within 30 days from notification. Transelectrica SA filed appeal against ruling 4275/2015 pronounced under the fore-mentioned file, which was registered on the docket of the Appeal Court Bucharest.

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

OPCOM S.A filed appeal which was registered with the High Court of Cassation and Justice.

Hearing term of the HCCJ: 13.03.2018. The High Court of Cassation and Justice's settlement in brief: It admits the appeal filed by the recurrent-claimant Electricity and Natural Gas Operator OPCOM SA against decision 1517/10.10.2016 pronounced by the Appeal Court Bucharest, Section V Civil. It invalidates the decision appealed against and referred the case to the appeal instance for new judgment; final.

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

On 27.11.2018 NPG Transelectrica SA filed appeal which is under screening procedure with the HCCJ.

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

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

The amount of 4,517,460 Lei - the main debt pertaining to point 1 of this case represents VAT associated to the share capital indexation of OPCOM SA by contribution in kind, substantiated by received intangible assets corresponding to stage I A & stage II of contracts P081406-O-C78, P081406-C125 and P081406-C300.

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

On 22.11.2019, file 34249/3/2019, settlement in brief: Taking into account the provisions of article 94 para 3 from Internal Order Regulation of Law Courts, approved by CSM decision 1375/2015, according to which the appeal modes declared against the same ruling are settled by the initial panel and taking into consideration both the creditor and the debtor filed cancellation requests against the hearing conclusion 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, pertaining to payment ordinance, it decided referring this file to settlement by the first panel assigned with settling an appeal against the hearing conclusion of 27.09.2019 pronounced by Bucharest Tribunal, Section VI Civil under file 17765/3/2019, namely Panel 11 AO initially attributed file **34022/3/2019** with respect to cancellation request.

On 06.05.2020 the file was suspended because of the emergency state.

*The new hearing term was established on **04.11.2020**.*

• **CONAID COMPANY SRL**

In 2013 Conaid Company SRL sued NPG Transelectrica for its unjustified refusal to sign an addendum to the connection contract or a new connection contract an

requested compensations amounting to 17,419,508 Lei for the expenses incurred until that date, as well as unachieved profits in 2013-2033 amounting to 722,756,000 Euro. To date the Company has not concluded an addendum to the connection contract because the suspensive conditions 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. On the date of these financial statements the amounts claimed by Conaid Company SRL were considered as contingent liabilities because it is unlikely to require resource output including economic benefit in order to settle such obligation, and the amount of such obligation cannot be assessed with sufficient credibility. File 5302/2/2013 was on the docket of the High Court of Cassation and Justice, Section of Administrative and Fiscal Disputes, pertaining to obligation to issue administrative deed; case stage - appeal with hearing term on 09.12.2015. On this term the High Court of Cassation and Justice admitted in principle the appeals and established the hearing term on 08 April 2016 for the main issue of such. Judge panel 4 ruled, with the parties summoned.

Case judgment was deferred to 17.06.2016, when the instance again deferred pronouncement until 29.06.2016, when it pronounced Decision 2148/2016 stating as follows: "It denies the exceptions claimed by the recurrent-claimant 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 National Power Grid Company Transelectrica SA against the hearing conclusion on 18 February 2014 and civil ruling 1866 / 11 June 2014, pronounced by the Appeal Court Bucharest, Section VIII of administrative & 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 maintained the other provisions of the sentence as regards the claimant's case 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.

On the docket of Bucharest Tribunal, Section VI Civil the case was registered under no. 12107/3/2017. The Tribunal's Civil ruling 4364/23.11.2017 admits the inadmissibility exception and denies the request as inadmissible. It also denies the intervention request to the claimant's interest. Appeal right is granted within 30 days from notification. Appeal was filed to Bucharest Tribunal, Section VI Civil and the court clerk office put it at the parties' disposal on 23.11.2017.

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

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 in order to make the expertise and the following term was set on 31.03.2020.

On the 31.03.2020 term the file was suspended during the entire emergency state.

The new hearing term was established on 08.12.2020 – administration of expertise evidence.

▪ **FF WIND ENERGY INTERNATIONAL SRL**

File **47332/3/2017** was registered on the docket of Bucharest Tribunal, Section VI Civil whereby Company FF Wind Energy International SRL requested in

contradiction with NPG Transelectrica SA cancelling the one-sided statement to denounce the RET connection contract 85/14.03.2011 issued on 02.03.2016 under no. 8295, and compelling the Company to pay 32,777,167.35 Lei as prejudice following contract termination as well as 45,000,000 Euro, representing the devaluation quantum of Company FF Wind Energy International SRL by hindering its purpose.

On the 28.12.2018 hearing term the instance denied the suing as specified as being groundless. It ascertained the defendant had not requested law suit expenses. Appeal right granted within 30 days from notification. According to article 425 para 3 and article 471 para 1 of the Civil Procedural Code the appeal and its grounds were submitted to Bucharest Tribunal, Section VI Civil. Document: Ruling 3891/ 28.12.2018.

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

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

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

On the 13.10.2020 hearing term, solution: filter - the notice of appeal was admitted in principle with the following details: the exception of the nullity of the appeal, invoked by the respondent in appeal-defendant Transelectrica SA was rejected by complaint. The appeal declared by the plaintiff FF Wind Energy International SRL, through judicial administrator Aktiv Lex Insolventa SPRL, against civil decision no. 1191 of July 23, 2019, pronounced by the Bucharest Court of Appeal.

*The new hearing term was established on **26.01.2021**.*

▪ **NAFA**

A general fiscal inspection was conducted in the offices of Transelectrica SA targeting the time interval December 2005 – December 2010. Such fiscal general audit began on 14.12.2011 and ended on 26.06.2017, date of the final discussion with Transelectrica SA.

NAFA – 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 taxation decision F-MC 439/30.06.2017, in total sum of 99,013,399 Lei, NAFA – 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.

NAFA'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 from Millennium Business Centre from 2-4 Armand Calinescu Street, District 2, where the company carried out its activity), documents under special regime.

These invoices were subject to a dispute with NAFA, 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.

NAFA 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 din 08.02.2018.

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

After the Company's contestation of the fiscal administrative deed Decision F-MC 439/30.06.2017 NAFA notified the Company Decision 122/13.03.2018 whereby it rejected as groundless the contestation filed by NPG 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 contestator. In accordance with article 413 para (1) pct. 1 of the Civil Procedural Code it suspended judgment until final settlement of file 1802/2/2018, on the docket of the Appeal Court Bucharest, Section VIII Administrative and Fiscal Disputes. Appeal right was granted during the entire suspension; appeal to be submitted to the Law Court Bucharest 1. It was ruled in open court. Document: Conclusion - Suspension 17.04.2018.

Case file **1802/2/2018** is found on the docket the Appeal Court by which the Company contested the administrative fiscal Decision F-MC 439/30.06.2017.

On the session term 06.11.2018 the court admitted the administration of the expertise evidence, in the accounting – fiscal specific domain.

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

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

On the term of 20.10.2020, the claim with the following solution was briefly accepted in part: the *lis pendens* applications were partially accepted, Decision no. 122/13.03.2018 was partially annulled, regarding the settlement of the appeal filed against the Tax Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Solving Complaints, Tax Decision no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency of Fiscal Administration - General Directorate of Administration of Large Taxpayers, Tax Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate of Administration of Large Taxpayers and Fiscal Inspection Report no. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, in the sense that: - removes the obligation to pay the profit tax in the amount of 18,522,280 lei, VAT in the amount of 5,694,636 lei and the fiscal accessories related to these main fiscal debts, in the amount of 48,436,653 lei, fiscal obligations established for the 349 special regime fiscal invoices found lacking from the claimant's management. - removes the non-deductible character when calculating the taxable profit of the amount of 27,001,727 lei, representing the technological system services invoiced by energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and ancillary tax receivables in connection with this amount. - removes the non-deductible character when calculating the taxable profit of the amount of 343,629.91 lei, representing "weed removal services"

and the obligation to pay the main and accessory tax receivables in connection with this amount - removes the non-deductible character when calculating the taxable profit of the amount 230,685,491 lei, representing expenses with promotional and protocol products and the obligation to pay the main and accessory tax receivables in connection with this amount - removes the non-deductible character of VAT in the amount of 46,417.1 lei, corresponding to the amount of 343,629.91 lei, representing "weed removal services" and the obligation to pay the main and ancillary tax receivables in connection with this amount - removes the non-deductible character of VAT in the amount of 37,693.88 lei corresponding to the amount of 230,685.49 lei, representing expenses with promotional and protocol products and the obligation to pay the main and ancillary tax receivables in connection with this amount - removes the mention regarding the obligation of Sibiu Transmission Branch within NPG Co. Transelectrica SA to register the amount of 576,846.80 lei as taxable income, at the latest on 30.06.2010, the date on which the registration of the verified unit at the bankruptcy mass with this amount was accepted, the mention regarding the character of taxable income when calculating the profit of the amount of 576,846.80 in accordance with the provisions of art. 19 para. 1 of Law no. 571/2003 on the Fiscal Code with later amendments and additions, corroborated with point 23 let. d of GD 44/2004 comprising the Methodological Norms for the application of Law no. 571/2003, chapter on the profit tax, namely chapter VII the function of the accounts from Order no. 3055 of October 29, 2009 for the approval of the Accounting Regulations compliant with the European directives and the obligation to pay the main and ancillary tax receivables in connection with this amount - removes from the Minutes the finding made regarding the "determination of the deductible VAT lower than the one registered by the plaintiff, thus resulting in a difference in the amount of 13,141 lei" (annex no. 15). and the obligation to pay the principal and ancillary tax receivables in connection with this amount - removes the obligation to pay late payment penalties that have a sanctioning legal regime, calculated for a period longer than 6 months from the date of the beginning of the tax inspection, regarding the main tax obligations that were maintained to the court by this decision, thus as established by Tax Decision no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Fiscal Administration - General Directorate of Administration of Large Taxpayers, Tax Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate of Administration of Large Taxpayers and by Decision no. 122/13.03.2018, regarding the settlement of the appeal filed against Tax Decision no. F-MC 439/30.06.2017,

issued by the National Agency for Fiscal Administration - General Directorate for Solving Complaints. Maintains the other provisions of Decision no. 122/13.03.2018, regarding the settlement of the appeal filed against the Tax Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate for Solving Claims, Tax Decision no. F-MC 439/30.06.2017, issued on 12.07.2017, by the National Agency for Fiscal Administration - General Directorate of Administration of Large Taxpayers, Tax Decision no. F-MC 439/30.06.2017, issued by the National Agency for Fiscal Administration - General Directorate of the Administration of Large Taxpayers. It rejects the lis pendens claims as unfounded. Dismisses as unfounded the claim for legal fees consisting of the legal stamp duty. Obliges the defendants, jointly and severally, to pay to the plaintiff the legal fees amounting to 4000 lei, representing a fee for carrying out the expertise in the accounting-taxation specialty, proportionally with the admission of the claim. Right to appeal within 15 days from the communication, the appeal request will be submitted to the Bucharest Court of Appeal. Decision 382/20.10.2020

▪ ROMENERGY INDUSTRY

File **2088/107/2016** on the docket of Alba Tribunal pertained to "Bankruptcy & request to be admitted in the creditors' list".

Transelectrica filed request to be recorded in the creditors' list with 16,112,165.18 mill Lei; the receivable was admitted and recorded in the preliminary Table.

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

At the deadline of 27.01.2020 a verification deadline is set for 11.05.2020 for the continuation of the bankruptcy procedure by capitalising the assets and recovering the receivables. The judiciary liquidator will draw up and submit to the file: - in each of 15th day of the month for the previous month the monthly activity reports provided by par. 1 of article 59 Law 85/2014; - for the verification term, 5 days before the term, the synthesis at 120 days, provided by the final part of para 3 of article 59 Law 85/2014.

On 11.05.2020 judgment was suspended by full right during the emergency state instituted in Romania.

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

The case was postponed at the term of 05.10.2020. Settlement in brief: a term was set for **18.01.2021**, for the continuation of the bankruptcy procedure, by capitalising the assets owned by the debtor. The judicial liquidator will draw up and submit to the file: - every 15th of the month, for the previous month, the monthly activity reports provided by para. 1 of art. 59 Law 85/2014; - for the verification term, 5 days before the term, the synthesis report at 120 days, provided by the final part of para. 3 of art. 59 Law 85/2014.

▪ **DAGESH ROM**

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

Settlement of TMB

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

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

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

▪ **RESITA CITY**

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

- 2,129,765.86 Lei representing rent for the land temporarily taken up from the forest fund in 2015;
- 2,129,765.86 Lei representing land rent for 2016;

- 2,129,765.86 Lei representing land rent for 2018;

- Legal penalty interest from due date until actual payment.

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

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

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

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

▪ **ASITO KAPITAL SA**

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

Taking into account the cancellation request filed by ASITO KAPITAL SA against decision 4067/2017 the Company constituted a provision for disputes amounting to 31.180.858 Lei.

Settlement in brief: It admits the request and orders the debtor to pay 2,237,750.83 Euro within 20 days from receipt of this decision (equivalent of 9,948,592.64 Lei at the exchange rate 1 Euro = 4.4458 Lei) representing unreturned down payment secured under the security letter BR-1500544/18.11.2015 as well as 4,821,022.53 Euro (equivalent of 21,233,265.32 Lei at the exchange rate 4.4041 Lei / Euro) representing unreturned down payment secured under the security letter BR-

1500520/29.07.2015; 200 Lei as law suit expenses. Cancellation request right is granted in 10 days from notification.

Ruling 4067/07.11.2017 was drafted and notified to both parties on 17.10.2018.

On 01.11.2018 Decision 4067/07.11.2017 was legalised and submitted to BEJ Raileanu in view of executing the enforcement title.

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

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

In case of file 35865/3/2018 (former file 24552/3/2017) the hearing term was set on 19.02.2019 to settle the cancellation request for the payment ordinance providing return of 31.2 mill Lei. Pronouncement was deferred on 20.03.2019.

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

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

Document: Ruling 743/2019 /20.03.2019.

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

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

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

On 17.02.2020 the case file was deferred taking into account Decision 3/06.02.2020 of the General assembly of judges from the Appeal Court Bucharest, deciding to continue the protest forms previously applied which consisted in suspending the activity beginning with 22.01.2020, except for urgent cases of civil law.

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

File **18109/3/2020**, an action was filed in annulment of revision file 35865/3/2018, at the term of 24.09.2020 the case was postponed in order to give the plaintiff the possibility to indicate the current address of the respondent. Term **19.11.2020**.

At the same time the Company is also involved in disputes with former Directorate and Supervisory Board members as regards their mandate contracts concluded with the Company.



Annexes

ANNEX 1: Stand-alone statement of financial position

[RON mn]	9M 2020	2019	Δ	Δ (%)
	1	2	3=1-2	4=1/2
ASSETS				
Non-current assets				
Tangible assets	3,486	3,440	46	1%
Intangible assets	27	23	4	15%
Financial assets	82	82	0	0%
Assets of the usage rights for leased assets - buildings	0	6	(6)	(100%)
Total non-current assets	3,595	3,551	44	1.2%
Current assets				
Inventories	41	38	4	10%
Trade and other receivables	655	706	(51)	(7%)
Other financial assets	0	85	(85)	(100%)
Cash and cash equivalents	472	321	151	47%
Total current assets	1,168	1,150	18	2%
Total assets	4,763	4,700	62	1%
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' Equity				
Share capital, of which:	733	733	0	0%
<i>Subscribed share capital</i>	733	733	0	0%
Share premium	50	50	(0)	(0%)
Legal reserves	129	129	0	0%
Revaluation reserves	861	922	(62)	(7%)
Other reserves	16	16	0	0%
Retained earnings	1,612	1,434	178	12%
Total shareholders' equity	3,400	3,284	116	4%
Non-current liabilities				
Long term deferred revenues	361	361	1	0%
Long term borrowings	108	123	(15)	(12%)
Deferred tax liability	136	137	(0)	(0%)
Employee benefits liabilities	64	64	0	0%
Total non-current liabilities	669	684	(15)	(2%)
Current liabilities				
Trade and other liabilities	561	556	5	1%
Other loans and assimilated liabilities - Leasing of building	0	6	(6)	n/a
Other tax and social security liabilities	10	9	1	11%
Short-term borrowings	25	56	(31)	(55%)
Provisions	57,6	70,0	(12)	(18%)
Short-term deferred revenues	29	37	(8)	(22%)
Income tax payable	11	(2)	13	n/a
Total current liabilities	694	732	(39)	(5%)
Total liabilities	1,362	1,416	(54)	(4%)
Total shareholders' equity and liabilities	4,763	4,700	62	1%

ANNEX 2: Stand-alone profit or loss statement

[RON mn]								
Indicator	2019	9M 2020	9M 2019	Budgeted 9M 2020	Achieved 2020 vs 2019	Achieved 2020 vs 2019 (%)	Achieved vs Budgeted 2020	Achieved vs Budgeted 2020 (%)
0	1	2	3	4	5=2-3	6=2/3	7=2-4	8=2/4
Operating revenues								
Transmission revenues	1,082	759	809	803	(50)	(6%)	(44)	(6%)
System services revenues	742	586	530	636	56	10%	(51)	(8%)
Balancing market revenues	523	286	405	513	(119)	(29%)	(226)	(44%)
Other revenues	51	33	39	42	(5)	(14%)	(9)	(21%)
Total operating revenues	2,398	1,664	1,783	1,994	(119)	(7%)	(331)	(17%)
Operating expenses								
System operating expenses	352	218	268	263	(50)	(19%)	(45)	(17%)
Balancing market expenses	523	286	405	513	(119)	(29%)	(226)	(44%)
Technological system services expenses	676	422	497	559	(75)	(15%)	(137)	(25%)
Depreciation and Amortisation	280	202	210	198	(8)	(4%)	4	2%
Personnel expenses	212	176	158	194	18	11%	(17)	(9%)
Repairs and maintenance expenses	102	66	73	71	(7)	(9%)	(5)	(7%)
Materials and consumables	9	6	5	10	1	11%	(5)	(45%)
Other operating expenses	118	89	77	110	12	15%	(21)	(19%)
Total operating expenses	2,271	1,465	1,694	1,918	(229)	(14%)	(454)	(24%)
Operating profit	126	199	89	76	110	123%	123	163%
Finance income	10	8	8	7	0	5%	1	21%
Finance expenses	17	10	14	10	(4)	(28%)	(0)	(1%)
Net finance result	(7)	(2)	(6)	(4)	4	68%	1	42%
Profit before income tax	119	197	83	72	114	138%	125	173%
Income tax	15	45	9	11	(8)	(89%)	(10)	(90%)
Net profit	104	152	74	61	122	166%	135	220%

ANNEX 3: Stand-alone cash flow statement

[RON mn]	9M 2020	9M 2019	Δ	2020 vs 2019 (%)
Fluxuri de trezorerie din activitatea de exploatare				
Profit of the period	152.4	73.6	79	107%
Allowances for:				
Income tax expense	44.6	9.3	35	379%
Amortisement expense	196.0	203.6	(8)	(4%)
Expenses with adjustments for trade receivables impairment	1.0	5.2	(4)	(81%)
Revenues from reversal of adjustments for trade receivables impairment	(2.1)	(2.9)	1	28%
Losses on various receivables and payables	0.0	0.8	(1)	(100%)
Net revenues with adjustments for various debtors impairment	1.3	(1.4)	3	196%
Net expenditures with adjustments for inventories impairment	0.2	(0.0)	0	500%
Net profit/ loss on sale of tangible assets	0.22	0.3	(0)	(32%)
Net expenditures on adjustments of value regarding tangible assets	0.9	2.4	(2)	(63%)
Expenses/Revenues regarding provisions for risks and expenses, net	(12.3)	(31.3)	19	61%
Interest expense, interest revenue and unrealised exchange rate gains	2.7	6.3	(4)	(57%)
Cash flows before changes to working capital	384.9	265.9	119	45%
Changes in:				
Clients and assimilated accounts - energy and other activities	27.0	37.1	(10)	(27%)
Clients – balancing	17.6	267.7	(250)	(93%)
Clients – cogeneration	6.3	(23.3)	30	127%
Inventories	(3.7)	(2.8)	(1)	(32%)
Trade and other liabilities - energy and other activities	99.8	(41.7)	141	340%
Liabilities - balancing	(28.1)	(320.5)	292	91%
Liabilities - cogeneration	(100.7)	(77.0)	(24)	(31%)
Other taxes and social insurance liabilities	1.0	(2.0)	3	149%
Deferred revenues	(7.7)	(20.9)	13	63%
Cash flows from operational activities	396.3	82.5	314	380%
Interests paid	(5.6)	(7.0)	1	21%
Income tax paid	(32.3)	(9.8)	(23)	(230%)
Net cash generated from operational activities	358.5	65.7	293	446%
Cash flows from the investment activity				
Acquisition of tangible and intangible assets	(213.8)	(168.9)	(45)	(27%)
Participation titles held in SELENE CC Societe Anonyme	(0.2)	0.0	(0)	n/a
Received Interests	5.4	3.2	2	69%
Received dividends	0.0	0.1	(0)	(99%)
Other financial assets	85.0	(80.0)	165	206%
Net cash used in investments	(123.6)	(245.5)	122	50%
Cash flows used in financing activities				
Repayments of non-current borrowings	(19.0)	(46.5)	27	59%
Utilisation of the credit line for cogeneration	0.0	83.0	(83)	(100%)
Bond repayment	(29.5)	0.0	(30)	n/a
Dividends paid	(35.4)	(67.0)	32	47%
Net cash used for financing	(83.9)	(30.5)	(53)	(175%)
Net diminution of cash and cash equivalents	151.0	(210.3)	361	172%
Cash and cash equivalents on 1 January	320.8	482.2	(161)	(33%)
Cash and cash equivalents at the end of the period	471.7	271.8	200	74%

ANNEX 4: Economic-financial indicators of the reporting period

Indicators	Formula	9M 2020	2019
Current liquidity ratio (x)	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.68	1.57
Indebtedness indicators (x):			
(1) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$	3.9%	5.4%
(2) Indebtedness indicator	$\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$	3.7%	5.2%
Clients' turnover (days)	$\frac{\text{Average client balance}^* \times \text{no.days}}{\text{Turnover}}$	79.36	98.46
Non-current assets turnover (x)	$\frac{\text{Turnover}}{\text{Non-current assets}}$	0.45	0.66

* The clients contributing to the turnover (energy, balancing, other clients, and clients with invoices to issue) were taken into consideration. The values corresponding to doubtful clients, the cogeneration scheme and the overcompensation were not included in the average balance.

ANNEX 5: Amending the Company's Articles of Association in 2020

- Amendment of article 7 para (2) point 1 from the Articles of association by replacing the phrase "Romanian State through the Ministry of Economy" with the phrase "Romanian State through the Secretariat General of the Government" approved by decision 3 of AGEA on 06 March 2020.
- Changing the title of article 3 from the Articles of association by replacing the wording "Company Offices, Subsidiaries, Branches and secondary offices" by "Company Offices, Subsidiaries, Secondary offices";
 - Amending paragraph (3) of Article 3, new wording as follows: "(3) Transelectrica comprises subsidiaries organised as joint-stock companies, namely Company Electricity Market Operator Opcom SA, Company for Maintenance Services to the Electricity Transmission Grid Smart SA, Training Company for Power Engineers in Romania FORMENERG SA, Company of Telecommunications and Information Technology Services in Electricity Transmission Networks TELETRANS SA, Trading Company Subsidiary Energy Research and Modernising Institute ICEMENERG SA Bucharest, Subsidiary Company ICEMENERG-SERVICE SA Bucharest, and secondary offices without legal personality for transmission and dispatch activities provided in Annex 1 of these Articles of association".
 - Amending paragraph (4) of Article 3, new wording as follows: "(4) The Company can establish other secondary offices as well without legal personality, situated in other localities from the country or abroad, which will be organised as subsidiaries, territorial units, representation offices, agencies, working points or other similar units without legal personality according to legal provisions".
 - Amending letter f) of paragraph (3) from Article 21, new wording as follows: "f) establishing or cancelling Company's secondary offices, in the country or abroad (subsidiaries, territorial units, representation offices, agencies or other similar units without legal personality)".
 - Amending letter (i) of Article 25, new wording as follows: "(i) approving with the Supervisory Board's agreement the establishment or cancellation of secondary offices (subsidiaries, territorial units, representation offices, agencies or other similar units without legal personality)".
 - Amending paragraph (3) al Article 26, new wording as follows: "(3) The leaders of subsidiaries, territorial units or of other Company secondary offices will not have the capacity to represent the Company in commercial transactions unless the representation capacity was delegated expressly by the Directorate and only within the competence limits established by the Directorate".
 - Amending paragraph (2) of Article 30, new wording as follows: "(2) Hiring and dismissing the personnel from the subsidiaries or territorial units of Transelectrica are performed by the leader of the secondary offices within the competence limit delegated by the Directorate".
 - Changing the Title of Annex 1, new wording as follows: "LIST comprising the territorial transmission units, the system operators and the subsidiaries of the National Power Grid Company Transelectrica SA".
 - Amending item 1 of Annex 1, new wording as follows:

“1. Territorial transmission Units of Transelectrica

No.	Name of the Territorial transmission unit	Locality	Offices
1.	Territorial Transmission Unit Bacau	Bacau	Str. Oituz no. 41
2.	Territorial Transmission Unit Bucharest	Bucharest	Sos. Stefan cel Mare no. 1A, district 1
3.	Territorial Transmission Unit Cluj	Cluj	Str. Memorandumului no. 27
4.	Territorial Transmission Unit Craiova	Craiova	Str. Brestei no. 5
5.	Territorial Transmission Unit Timisoara	Timisoara	Str. Piata Romanilor no. 11
6.	Territorial Transmission Unit Constanta	Constanta	Blvd. Alexandru Lapusneanu no. 195 A, bl. LAV1, ground floor & mezanine
7.	Territorial Transmission Unit Pitesti	Pitesti	Str. Fratii Golesti no. 25 B
8.	Territorial Transmission Unit Sibiu	Sibiu	Blvd. Corneliu Coposu no. 3

All these changes were approved by Decision 7 of SEGA on 28 May 2020.

ANNEX 6: Appointment / recalling deeds in 2020

Directorate

- In accordance with Decision 2/09.01.2020 of CS
 - Supervisory Board members acknowledged the renouncement to Mr. Ioan FOLESCU's mandate of provisional Directorate member beginning with 09.01.2020.
- In accordance with Decision 3/09.01.2020
 - Supervisory Board members designated Mr. Corneliu-Bogdan MARCU as provisional Directorate member from 09.01.2020 until 20 April 2020.
- In accordance with Decision 30/08.04.2020 of CS
 - Supervisory Board members decided by unanimous votes to extend by two months, beginning with 21 April 2020 until 20 June 2020 of the mandates for provisional Directorate members to the following persons: Catalin NITU, Ionut-Bogdan GRECIA, Andreea-Mihaela MIU and Bogdan MARCU,
 - They designated Mr. Marius Viorel STANCIU as provisional Directorate member beginning with 21 April 2020 until 20 June 2020.
- In accordance with Decision 42/09.06.2020 of CS
 - They designated as provisional Directorate members the following persons: Catalin NITU, Ionut-Bogdan GRECIA, Andreea-Mihaela MIU, Bogdan MARCU and Marius Viorel STANCIU for four months beginning with 21 June 2020 with possible extension with two more months for sound reasons, mandate period which will not exceed the completion date of the selection procedure for Directorate members of the Company, according to the provisions of OUG 109/2011.

Supervisory Board

- In accordance with Decision 1/06.01.2020 of CS and AGOA Decision 1/06 March 2020
 - Mr. Ciprian Constantin DUMITRU was appointed provisional Supervisory Board member with mandate term until 29 March 2020, but no later than the appointment day of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with Decision 16/06.02.2020 of CS
 - In accordance with letter 4657/03.02.2020 Mr. Jean BADEA gave up as of 04.02.2019 his mandate of provisional Supervisory Board member in the Company.
- In accordance with Decision 18/07.01.2020 of CS and AGOA Decision 1/06 March 2020
 - Mrs. Mihaela CONSTANTINOVICI was appointed provisional Supervisory Board member with mandate term until 29 March 2020, but no later than the appointment day of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with Decision 19/11.02.2020 of CS and AGOA Decision 1/06 March 2020

- Mr. Mircea Cristian STAICU was appointed provisional Supervisory Board member with mandate term until 29 March 2020, but no later than the appointment day of a Supervisory Board member by the Shareholders' General Assembly.
- In accordance with AGOA Decision 4/26 March 2020
 - Approving the extension of mandates for provisional Supervisory Board members for two months beginning with 30 March 2020 until 29 May 2020 for the following persons: Adrian GOICEA, Luiza POPESCU, Oleg BURLACU, Valentin Jean COMANESCU, Mihaela CONSTANTINOVICI, Ciprian Constantin DUMITRU and Mircea Cristian STAICU.
- In accordance with AGOA Decision 6/28 May 2020
 - Approving the extension of mandates for provisional Supervisory Board members for four months beginning with 30 May 2020 until 29 September 2020 for the following persons: Adrian GOICEA, Luiza POPESCU, Oleg BURLACU, Jean-Valentin COMANESCU, Mihaela CONSTANTINOVICI, Ciprian Constantin DUMITRU and Mircea Cristian STAICU.
- In accordance with Decision 40/02.06.2020 of CS
 - Mr. Adrian GOICEA is elected Chairman of the Supervisory Board.
- According to SOGA Decision 9 and 10/ September 28, 2020
 - the appointment as Supervisory Board members, with a four-year mandate, starting with September 30, 2020 is approved for the following persons: Adrian GOICEA, Luiza POPESCU, Oleg BURLACU, Jean-Valentin COMANESCU, Mihaela POPESCU, Ciprian Constantin DUMITRU, Mircea Cristian STAICU.
- According to SB Decision no. 52/30.09.2020
 - Mr. Adrian GOICEA is elected Chairman of the Supervisory Board.

ANNEX 7 REPORT (according to SEGA Decision 4/29.04.2015) on the contracts signed in Q3/ 2020 to procure assets, services and work, which value is higher than 500,000 Euro/purchase (for assets and work) and above 100,000 Euro/purchase (for services)

No.	Contract number	Contractual object	Term	Value		Contract type	Legal base	Procurement procedure
				thousand RON	thousand Euro			
0	1	2	3	4	5	6	7	8
1	C165/2020	Refurbishing 220/110/20 kV Baru Mare substation	27	58.862	-	Work	Law 99/2016 + GD 394/2016	Open bid
2	C232/2020	Services for renting space in an office building, respectively maintenance, necessary for the operation of NPG Co. Transelectrica SA-Executive	60	-	9.000	Services	Law 99/2016 + GD 394/2016	One's own procedure
3	C207/2020	Extending 400 kV Gura Ialomitei substation with two bays: 400 kV Cernavoda OHL 2 and 3, procurement of the 400 kV GIS assembly (primary and secondary circuits) and its integration in the command, control, protection, measurement and EMS-SCADA system	12	-	2.596	Supply	Law 99/2016 + GD 394/2016	Open bid
4	C203/2020	Medium and high voltage primary equipment	24	4.891	-	Supply	Law 99/2016 + GD 394/2016	Open bid
5	C166/2020	400kV OHL Oradea-Bekescsaba. installation of a 100 MVAR shunt reactor in the 400 kV Oradea Sud substation, telecommunication and teletransmission equipment for the 400 kV OHL Oradea-Bekescsaba final stage: the section between towers 1-42 (48) of the 400 kV OHL Oradea Sud-Nadab	12	4.116	-	Work	Law 99/2016 + GD 394/2016	Open bid
6	CR42/2020-C180/2020	Specific guard & monitoring services and fast intervention to the sites of Craiova TTU for 12 months .	12	2.533	-	Services	Law 99/2016 + GD 394/2016	Open bid
7	PT42/10505/2020	Specialised security services, intervention and intervention in special situations at the sites of Pitesti TTU	3	778	-	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT Prior Invitation
8	PT142/2020	Specialised security services, intervention and intervention in special situations at the sites of Pitesti TTU	2	539	-	Services	Law 99/2016 + GD 394/2016	Negotiation WITHOUT Prior Invitation

Annex 6 – Glossary

„ANRE”	National Regulatory Authority in the Electricity domain
„BAR”	Regulated asset base
„BVB”	Bucharest Stock Exchange, operator of the regulated market where the Shares are transacted
„CEE”	European Economic Community
„Companie”. „CNTEE”. „TEL”	National Power Grid Company Transelectrica SA
„CPT”	One's own Technological Consumption (grid losses)
„CS”	Supervisory Board
„DEN”	National Power Dispatcher
„EBIT”	Operational profit before interest and income tax
„EBITDA”	Operational profit before interest, income tax and amortisement
„EBT”	Operational profit before income tax
„ENTSOE”	European Network of Transmission and System Operators for Electricity
„HG”	Governmental decision
„IFRS”	International Financial Reporting Standards
„LEA”	Overhead lines
„Leu” or „Lei” or „RON”	Romania's official currency
„MFP”	Ministry of Public Finance
„MO”	Romania's Official Gazette
„OG”	Governmental ordinance
„OPCOM”	Operator of Romania's Electricity Market OPCOM SA
„OUG”	Governmental emergency ordinance
„PZU”	Day-ahead Market
„RET”	Electricity Transmission Grid, electric network of national and strategic interest and nominal line voltage above 110 kV
„SEN”	National Power Sector
„RS”	Secondary control – frequency restoration reserve
„RTL”	Slow tertiary control – replacement reserve
„SMART”	Trading Company for Maintenance Services to the Electricity Transmission Grid SMART SA
„SSF”	Functional system services
„SST”	Technological system services
„TEL”	Stock exchange indicator for Transelectrica
„TSR”	Total shareholders' return
„UE”	European Union
„u.m.”	Measuring unit
„USD” or „dolari US”	American dollar, official currency of the United States of America
„WACC”	Weighted average cost of capital

