



Transelectrica®

Societate Administrată în Sistem Dualist

The National Power Grid Company Transelectrica
Registered Office: 2-4 Olteni Street Bucharest, District 3, 030786, Romania
Trade Register Number J40/8060/2000, Single Registration Code 13328043
Phone +4021 303 56 11, Fax +4021 303 56 10
Share capital subscribed and paid: 733.031.420 Lei www.transelectrica.ro

**To: Bucharest Stock Exchange – Regulated Markets, Operations, Issuers Department
Financial Supervision Authority – General Supervision Division – Issuers Division**

Current report in accordance with the provisions of Law 24/2017, BSE Code and Regulation 5/2018 of FSA

Date of the current report: **May, 14, 2024**

Name of issuer Company: **NPG Transelectrica, managed under two tier system**

Headquarters: Bucharest 3rd district, Str. Olteni no. 2-4

Phone / fax numbers: 4021 3035 611 / 4021 3035 610

Single registration code: 13328043

RON Code: 254900OLXCOUQC90M036

Number in the Commercial Register: J40/8060/2000

Share capital subscribed and paid: 733,031,420 RON

Code RON: 254900OLXCOUQC90M036

Regulated market where the issued securities are transacted: Bucharest Stock Exchange

Important event to report:

Summary of financial results related to ending quarter I of the year 2024

The report includes:

- Unaudited Simplified Separated Interim Financial Statements
- The quarterly report regarding the activity of NPG Transelectrica between January – March 2024

Profit-allowed activities segment has registered a positive result in the amount of 109 million RON in Q1 2024 only slightly increasing compared to the result of 105 million ROM achieved in Q1 2023 in the conditions of increasing the operational revenues by 33 million RON correlated with an increase in expenses (including depreciation) by 29 million RON.

The increase of the operational revenues (532 million RON in Q1 2024 compared to 499 million RON in Q1 2023) has been mainly influenced by the increase in the average tariff approved by ANRE which led to an increase of the revenues from regulated tariff (+56 million RON) in the context of increasing the electrical energy amount, higher revenues from OTC transactions (+15,7 million RON), as well as recording some revenues from emergency energy assistance to neighboring in the amount of 3 million RON and from OTC capitalization in amount of 7 million RON (non – monetary income).

In Q1 2024, the total amount of electrical energy charged for the services provided on the electricity market (13.23 TWh) has registered an increase by 1.7% compared to the same period of the year 2023 (the difference between the two periods of time being 0.22 TWh).

The revenues from interconnection have registered a decrease from 102 million RON in Q1 2023 to 45 million RON in 2024 corresponding to the level of use of availabilities of interconnection capacities by the traders on the electricity market. The interconnection capacity allocation market is fluctuating, the prices evolving based on the demand and necessity of the participants to the electricity market to purchase interconnection capacity.

The operational expenses (including depreciation) have increased by 7% (423 million RON in Q1 2024 to 395 million RON Q1 2023), when the costs to purchase electrical energy to cover own technological consumption were in the amount of 143 million RON, lower by 3% (-4 million RON) compared to Q1 2023, mainly as a result of the provisions of G.E.O. 153/2022. Transelectrica has purchased electrical energy to cover 75% of the quantity related to the forecast of OTC validated through the Mechanism of centralized purchase of electricity (MACEE) at a regulated purchase price, and the average price of purchased electrical energy on day – ahead market between January –March 2024 has been significantly lower than the price from the similar period of the year 2023.

The zero-profit segment has registered a positive result in Q1 2024 in the amount of 18 milion RON, rising by +27 milion RON compared to the negative result in Q1 2023. The specific regulatory framework for zero – profit activities contains regularization mechanisms that ensure the compensation of the revenue surpluses/deficit compared to the level of expenses necessary to carry on those activities.

| Indicators | M.U. | Q1 2024 | Q1 2023 | Δ |
|---|-----------------|--------------|--------------|--------------|
| Financial | | | | |
| Charged energy volume | [TWh] | 13.23 | 13.01 | ▲ 1.7% |
| PROFIT- ALLOWED ACTIVITIES | | | | |
| Average transmission tariff (achieved) | [RON/MWh] | 32.09 | 28.29 | ▲ 13% |
| Total revenue, of which: | [RON mn] | 532 | 499 | ▲ 7% |
| Regulated transmission tariff revenues | [RON mn] | 424 | 368 | ▲ 15% |
| Interconnection revenues | [RON mn] | 45 | 102 | ▼ 56% |
| Total expenses, of which: | [RON mn] | (338) | (312) | ▼ 8% |
| Grid losses Expenses | [RON mn] | (143) | (147) | ▲ 3% |
| EBITDA | [RON mn] | 194 | 187 | ▲ 4% |
| Depreciation | [RON mn] | (85) | (82) | ▼ 3% |
| EBIT | [RON mn] | 109 | 105 | ▲ 4% |
| ZERO PROFIT ACTIVITIES | | | | |
| EBIT | [RON mn] | 18 | (9) | n/a |
| ALL ACTIVITIES (with Profit-Allowed and Zero-Profit) | | | | |
| EBIT | [RON mn] | 127 | 96 | ▲ 33% |
| Net profit | [RON mn] | 103 | 80 | ▲ 29% |
| Operational | | | | |
| Net internal consumption | [TWh] | 13.7 | 13.4 | ▲ 2% |
| Net internal production | [TWh] | 14.7 | 14.8 | ▼ 1% |
| Export(-)/Import(+) net | [TWh] | -1.0 | -1.4 | ▼ 29% |

*+Income, positive impact (▲), +Expenses, negative impact (▼)

The investment expenses in Q1 2024 were in the amount of 88.42 milion RON, by 49% higher than the investment expenses from Q1 2023 (59.30 milion RON).

In Q1 2024 an increase by 2% of the internal net consumption and a decrease by 1% of the net energy production were recorded. In January 2024 the electrical energy consumption at SEN level has recorded an increase by almost 5%, the other two months recording a decrease of it, February (ca. 0.38%) and namely March (ca. 1.55%).

In all the first quarter of 2024 the OTC of PTN decreased by 7% compared to the same period of 2023, mainly due to the favorable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria and favorable weather conditions in the first two months, characterized by lower amounts of precipitation, which determined the reduction of corona losses.

The Report regarding the activity of the Company during January – March 2024 and the separated interim financial statements on March 31,2024 are available since May 14, 2024, as it follows:

- online, on website www.transelectrica.ro, section Investor Relations Periodical Reports/Reports,namely <https://www.transelectrica.ro/reports - 2024;>

- at the headquarters of the Company: Olteni street no. 2-4, district 3, Bucharest.

Ștefăniță MUNTEANU

**Executive Director General
Chief Executive Officer**

Florin-Cristian TĂTARU

Directorate Member

NPG TRANSELECTRICA SA

Quarterly Report
January – March 2024



| | | |
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REPORT ON THE ECONOMIC – FINANCIAL ACTIVITIES
OF NPG "TRANSELECTRICA" SA

In accordance with the provisions of article 67 from Law No. 24/ 2017 on the capital market and Regulation 5 / 2018 issued by the Financial Supervisory Authority (ASF)
for the period ended on March 31, 2024

| | |
|--|--|
| Date of the report: | May 14, 2024 |
| Name of trading company: | NPG TRANSELECTRICA SA, company managed under two-tier system |
| Headquarters: | Bucharest, Str. Olteni nr. 2 - 4, sector 3, zip code 030786 |
| Phone/fax number:: | 021 303 5611/ 021 303 5610 |
| Unique code at ONRC: | 13328043 |
| Code with the ONRC: | J40/ 8060/ 2000 |
| LEI code (Legal Entity Identifier) | 254900OLXOUQC90M036 |
| Date of Company establishment: | 31.07.2000/ Emergency Governmental Ordinance 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 RON 10/share nominal value each, in dematerialised nominative ordinary indivisible freely marketable form as of 29.08.2006, TEL symbol |
| Market value: | 2,067,148,604.40 RON (28.20 RON/share on 29.03.2024) |
| Accounting standard applied: | International Financial Reporting Standards |
| Audit: | The quarterly financial statements drafted as of 31.03.2024 have not been audited. The amounts corresponding to December 31, 2023 are audited by the external financial auditor. |

RESPONSIBLE PERSONS' STATEMENT

To the best of our knowledge, the simplified separate interim financial statements as of and for the three-month period ended March 31, 2024 have been prepared in accordance with International Accounting Standard 34 - "Interim Financial Reporting" and give a true and fair view of the financial position and the profit and loss account of NPG Transelectrica SA.

This report contains correct and complete information regarding the economic and financial situation and the activity of NPG Transelectrica SA.

Bucharest, April 30, 2024

**Ștefăniță
MUNTEANU**

**Directorate
Chairman**

**Cătălin-Constantin
NADOLU**

**Directorate
Member**

**Bogdan
TONCESCU**

**Directorate
Member**

**Florin-Cristian
TĂTARU**

**Directorate
Member**



Key figures Q1 2024 vs Q1 2023

Key figures

FINANCIAL HIGHLIGHTS

| | | | | | |
|-----|--------------|----|---|-------------|--------------------------------|
| RON | 1.988 | mn | ▲ | 79% | Revenues |
| | | | | y/y | |
| RON | 212 | mn | ▲ | 19% | EBITDA |
| | | | | y/y | |
| RON | 103 | mn | ▲ | 29% | Net profit |
| | | | | y/y | |
| TWh | 13.23 | | ▲ | 1,7% | Charged energy volume** |
| | | | | y/y | |

OPERATIONAL

| | | | | | |
|--------------|---|---|--------------|----|------------------------------|
| 2.30% | * | ▼ | -0.24 | pp | Grid losses |
| | | | y/y | | |
| 11.36 | | ▲ | 7% | | Transported energy*** |
| TWh | | | y/y | | |

INVESTMENTS

| | | | | | |
|-----|------------|----|---|--------------|--|
| RON | 113 | mn | ▲ | 67,5% | Acquisition of tangible and intangible assets |
| | | | | y/y | |
| RON | 224 | mn | ▲ | 168 | Fixed assets recorded in the accounts (commissioning) |
| | | | | RON mn | |
| | | | | y/y | |

OTC – One's Own Technological Consumption

* 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 grids), less the electricity exports

*** The transmitted quantity is defined by the power amount physically flowed in the transmission grid

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



Financial data

The summary of financial results as of March 31, 2024 is presented in the tables below. The financial results for Q1 2024 are not audited, and their extended version for the same period is presented in the Appendices to this Report.

| Separate account of profit and loss | | | | |
|---|----------------|--------------|--------------|---------------|
| [mil RON] | Q1 2024 | Q1 2023 | Δ | Δ(%) |
| | 1 | 2 | 3=1-2 | 4=1/2 |
| Charged energy volume [TWh] | 13.23 | 13.01 | 0.22 | 1.7% |
| ALLOWED PROFIT ACTIVITIES | | | | |
| Operating revenues | 532 | 499 | 33 | 7% |
| Transmission and other revenues on the electricity market, of wich: | 506 | 487 | 19 | 4% |
| <i>Regulated tariff</i> | 424 | 368 | 56 | 15% |
| <i>Other revenues on the electricity market*</i> | 36 | 17 | 19 | 116% |
| <i>Interconnection</i> | 45 | 102 | (57) | (56%) |
| Other revenues | 26 | 12 | 14 | 115% |
| Operating expenses | (338) | (312) | (26) | (8%) |
| System operating expenses | (169) | (171) | 3 | 2% |
| Repairs and maintenance expenses | (24) | (19) | (5) | (27%) |
| Personnel expenses | (87) | (75) | (13) | (17%) |
| Other expenses | (58) | (48) | (10) | (22%) |
| EBITDA | 194 | 187 | 7 | 4% |
| Depreciation | (85) | (82) | (3) | (3%) |
| EBIT | 109 | 105 | 4 | 4% |
| ZERO PROFIT ACTIVITIES | | | | |
| Operating revenues | 1,456 | 609 | 848 | 139% |
| System services revenues | 124 | 101 | 23 | 23% |
| Balancing market revenues | 1,332 | 508 | 824 | 162% |
| Operating expenses | (1,438) | (618) | (820) | (133%) |
| System services expenses | (105) | (110) | 4 | 4% |
| Balancing market expenses | (1,332) | (508) | (824) | (162%) |
| EBIT | 18 | (9) | 27 | n/a |
| ALL ACTIVITIES (WITH PROFIT ALLOWED AND ZERO-PROFIT) | | | | |
| Operating revenues | 1,988 | 1,108 | 880 | 79% |
| Operating expenses | (1,776) | (930) | (846) | (91%) |
| EBITDA | 212 | 178 | 34 | 19% |
| Depreciation | (85) | (82) | (3) | (3%) |
| EBIT | 127 | 96 | 32 | 33% |
| Financial result | (0.1) | 1 | (1) | n/a |
| EBT | 127 | 97 | 30 | 31% |
| Tax on profit | (24) | (17) | (7) | (42%) |
| Net Profit | 103 | 80 | 23 | 29% |

*Energy market (ITC, reactive energy, OTC sale, energy exchanges, breakdown assistance)

| Separate statement of financial position | | | | |
|--|--------------|--------------|--------------|---------------|
| [mil RON] | Q1 2024 | 2023 | Δ | Δ (%) |
| | 1 | 2 | 3=1-2 | 4=1/2 |
| Non-current assets | | | | |
| Tangible assets | 5,427 | 5,416 | 11 | 0% |
| Assets representing rights of use under a lease - buildings | 12 | 14 | (2) | (14%) |
| Intangible assets | 281 | 282 | (2) | (1%) |
| Financial assets | 86 | 86 | 0 | n/a |
| Total | 5,805 | 5,798 | 7 | 0.1% |
| Current assets | | | | |
| Inventories | 54 | 51 | 2 | 5% |
| Trade and other receivables | 2,134 | 2,116 | 18 | 1% |
| Cash and cash equivalents | 463 | 519 | (57) | (11%) |
| Total current assets | 2,650 | 2,686 | (36) | (1%) |
| Total assets | 8,455 | 8,484 | (29) | (0.3%) |
| Shareholders' Equity | 5,314 | 5,190 | 124 | 2% |
| Non-current liabilities | | | | |
| Long term deferred revenues | 507 | 519 | (12) | (2%) |
| Long term borrowings | 26 | 32 | (6) | (19%) |
| Other loans and assimilated debts - Non-current building lease liabilities | 4 | 6 | (2) | (33%) |
| Other non-current liabilities | 363 | 360 | 3 | 1% |
| Total non-current liabilities | 901 | 918 | (17) | (2%) |
| Current liabilities | | | | |
| Trade and other liabilities | 2,040 | 2,242 | (202) | (9%) |
| Short-term borrowings | 73 | 25 | 49 | n/a |
| Other loans and assimilated debts - Current building lease liabilities | 9 | 9 | 0 | n/a |
| Other current liabilities | 97 | 100 | (3) | (3%) |
| Tax on profit to be paid | 21.4 | 0 | 21,0 | n/a |
| Total current liabilities | 2,240 | 2,376 | (135) | (6%) |
| Total liabilities | 3,141 | 3,294 | (153) | (5%) |
| Total shareholder's equity and liabilities | 8,455 | 8,484 | (29) | (0.3%) |

| Separate statement of cash flows | | | | |
|---|-------------|------------|-------------|------------|
| [mil RON] | Q1 2024 | Q1 2023 | Δ | Δ (%) |
| Cash flows from operating activities | 12 | 126 | (114) | (90%) |
| Net cash used in investing activities | (109) | (41) | (68) | n/a |
| Net cash used in financing activities | 40 | (76) | 116 | n/a |
| Net increase/(decrease) in cash and cash equivalents | (57) | 9 | (65) | n/a |
| Cash and cash equivalents as at January 1st | 519 | 315 | 204 | 65% |
| Cash and cash equivalents at the end of the period | 463 | 324 | 139 | 43% |

Operational Results

I. Charged volume of electricity

In Q1 2024, the total amount of electricity charged for the services provided on the electricity market (13.23 TWh) registered an increase of 1.7% compared to the same period of 2023 (the difference between the two periods being of 0.22 TWh).

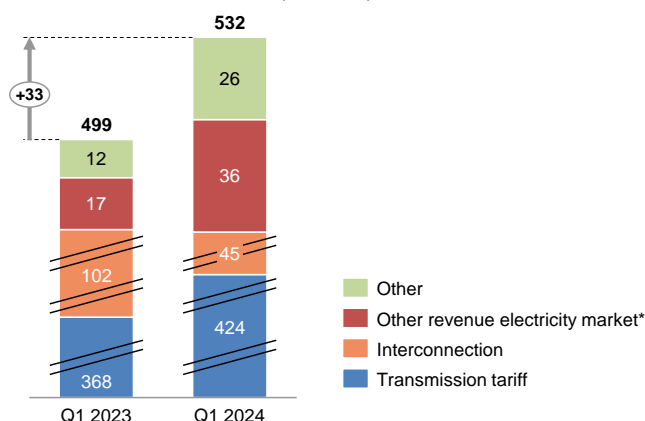
Permitted profile segment

Operational incomes



The segment of **activities with permitted profit** registered a 7% increase in revenues (532 mil RON in Q1 2024 compared to 499 mil RON in Q1 2023) mainly in the context of the increase of revenues from regulated tariff, as well as revenues from OTC transactions.

Operating revenues from allowed profit activities
(mil RON)



* ITC, reactive energy, OTC transactions, energy exchanges

The increase in revenues from transmission and other revenues from the energy market (532 million RON in Q1 2024 compared to 499 million RON in Q1 2023) was mainly influenced by the increase in the average tariff approved by ANRE, which led to an increase in revenues from regulated tariff by 56 million RON (+15%) compared to the same period of the previous year, in the context of the increase in the amount of electricity by 1.7%.

Between January and March 2024, revenues from the allocation of interconnection capacity decreased, from 102 million RON in Q1 2023 to 45 million RON in 2024, motivated by the following:

- The level of use of interconnection capacity availability by electricity market traders,
- The interconnection capacity allocation market is fluctuating, with prices evolving depending on the demand and the need of participants in the electricity market to acquire interconnection capacity,

- Implicit allocations, in which capacity and energy are assigned simultaneously, are strongly influenced by variations in the price of electricity on European exchanges,
- The impact generated by the extension of the coupling of the markets which has the effect of standardizing the price of energy in Europe, this being one of the main objectives of Regulation (EU) 2015/1222 "establishing some guidelines on capacity allocation and congestion management".

The interconnection capacity allocation mechanism consists in the organization of annual, monthly, daily and intraday tenders. The tenders on the Romania-Serbia border, the long-term tenders on the borders with Hungary and Bulgaria and the daily tenders on the border with Moldova are explicit - only transmission capacity is tendered, and the daily (borders with Hungary and Bulgaria) and intraday (borders with Hungary and Bulgaria) are default - they are allocated simultaneously with energy and capacity, through the coupling mechanism.

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

The use of net revenues from the allocation of interconnection capacity is carried out in accordance with the provisions of ANRE Order no. 171/2019 updated and EU Regulation no. 943 of June 5, 2019 regarding the internal electricity market, as a source of investment financing for the modernization and development of interconnection capacity with neighboring systems.

Revenues from Inter TSO Compensation (ITC)

These revenues were higher (+3.7 million RON) in Q1 2024, respectively 4.2 million RON compared to the same period in 2023 when they were of 0.4 million RON and mostly come from the scheduled electricity exchanges with the countries considered peripheral to the mechanism, namely Ukraine and the Republic of Moldova.

The increase in these revenues is determined by:

- *Changing the tariff for exchanges with peripheral countries, starting on 15.06.2023, from 1.2 EUR/MWh*

to 3 EUR/MWh, which led to an increase in revenues compared to the same period last year.

- Energy exchanges recorded in Q1 2024 with both perimeter countries (Ukraine and the Republic of Moldova), unlike the similar period of 2023, when the exchanges were only with the Republic of Moldova.

Revenues from energy trading for technological own consumption (OTC) were obtained mainly from the sale of surplus energy resulting from the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and respectively from the difference between the forecasted OTC and OTC actually realized on the Balancing Market.

In Q1 2024, the Company recorded higher revenues from energy trading for OTC compared to the similar period of 2023, i.e. +15.7 million RON.

In the structure of these revenues, the transactions on the Intraday Market were lower than those made in the previous year, considering that a large part of the necessary OTC was purchased on the long-term markets through the MACEE mechanism (Mechanism for the centralized purchase of electricity), and the prices on the short-term markets decreased compared to the previous year, and intervals with negative prices were recorded.

The revenues obtained from the transactions on the Balancing Market were significantly higher than those achieved in the similar period of the previous year, considering that the energy system was predominantly in excess during the analyzed period, which led to significant negative prices in the Balancing Market.

Starting with 01.04.2024, the mechanism for the centralized purchase of electricity MACEE was modified by GEO no. 32/2024, in the sense of:

- the reduction of the regulated purchase price to the value of 400 RON/MWh
- eliminating the obligation of producers to participate in the mechanism
- changing the period of application of the mechanism from 31.03.2025 to 31.12.2024
- allowing the participation of other producers, with production capacities lower than 10MW, in the mechanism.

The changes introduced by GEO 32/2024, which amend and complete GEO 27/2022, lead to a gradual exit from the support scheme and a return to competitive market mechanisms.

Income from disaster aids

In Q1 2024, revenues from emergency aid in the amount of 3 million RON were recorded (March), in the context of the damage to the energy infrastructure in this country following armed conflicts.

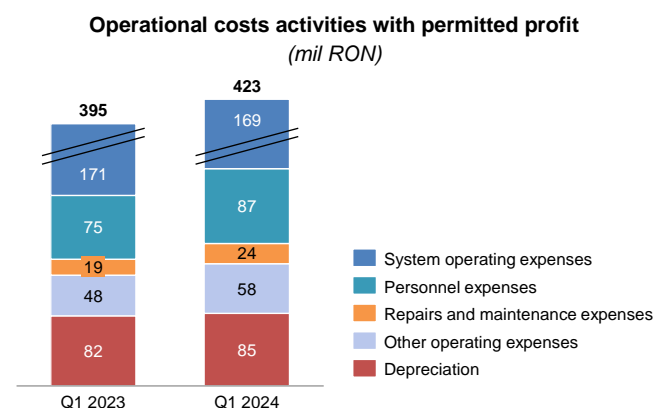
Revenues from the capitalization of own technological consumption (OTC)

Starting from September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of purchasing electricity realized between January 1, 2022 and March 31, 2025, in order to cover the own technological consumption, compared to the costs recognized in the regulated tariffs, are capitalized quarterly.

Thus, the Company recorded in Q1 2024 revenues from OTC capitalization in the amount of 7.4 million RON, representing additional OTC calculated as the difference between the net cost with the purchase of OTC and the OTC cost included in the regulatory tariff.

Operating expenses

In the segment of **activities with permitted profit**, expenses (including depreciation) increased by 7% (423 million RON in Q1 2024 compared to 395 million RON in Q1 2023), being mainly influenced by the increase in personnel expenses, maintenance expenses as well as other expenses.



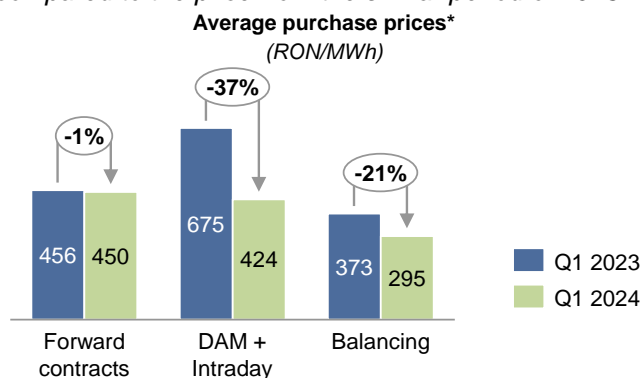
OTC: In the interval January-March 2024, the costs of purchasing energy to cover own technological consumption were in the amount of 143 million RON, lower by 3% (-4 million RON) compared to Q1 2023, considering a number of aspects, mainly:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electric Transmission Grid (ETG) is strongly dependent on weather conditions, the structure of electricity production and consumption at the national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with the neighboring electric energy systems, its value being very little to

no controllable under the conditions of an interconnected and coupled regional energy market;

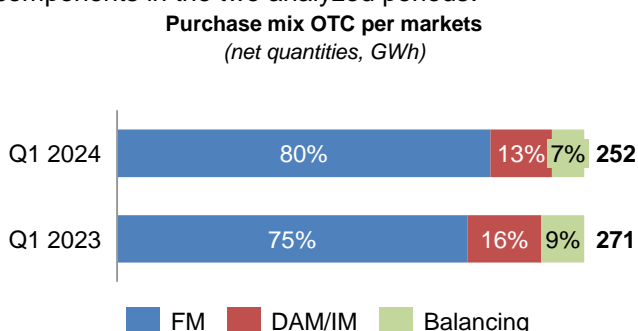
- as a result of the provisions of GEO no. 153/2022, Transelectrica purchased electricity to cover 75% of the quantity related to the OTC forecast validated by the Centralized Electricity Purchase Mechanism (MACEE), at a regulated purchase price;
- the accelerated increase in the power installed at prosumers (from approx. 420 MW at the beginning of 2023, to approx. 1500 MW at the beginning of 2024), together with the increase in the share of wind and solar energy, led to a decrease in consumption, as well as in prices energy on short-term markets. Thus, the average price of energy purchased from PZU in the period January - March 2024 was significantly lower than the price in the similar period of 2023.

The average net price of energy purchased on all markets in Q1 2024 was lower by approx. 10% compared to the price from the similar period of 2023.



*the average price was calculated at net value (purchases - sales)

On all markets, lower average prices were recorded compared to those in the first quarter of 2023, and the purchase mix (net quantitative) has the following components in the two analyzed periods:



Inter TSO Compensation (ITC) costs

In the period January-March 2024, these expenses were lower by 1.6 million RON compared to the same period of the previous year. They are established within the mechanism for compensation/settlement of the effects of the use of the electric transmission grid (ETG) for electricity transits between TSOs that have joined this mechanism within ENTSO-E.

The factors that influence the values of costs/revenues with the ITC mechanism are the exchanges of electricity – import, export, transit on the interconnection lines of the NES, correlated with the electricity flows transited at the level of all countries participating in the mechanism.

From the Other expenses category (an increase of 11.3 million RON in the analyzed periods) those that had influence in the analyzed period are:

- Expenses regarding the consumption of electricity in ETG stations in the amount of 14 million RON registered a percentage increase of 29% (+3.2 million RON) compared to Q1 2023 when they were in the amount of 11 million RON.

In order to carry out the activity of transporting electricity in the power stations and the operation of the National Electroenergetic System in safe conditions, Transelectrica must purchase electricity to cover the consumption related to internal services from the high-voltage power stations under the Company's management.

- reduction of some elements of expenses, mainly expenses related to taxes and fees (-2.5 million RON) and other non-tax deductible operating expenses (-7.2 million RON).
- increase in some expenditure elements, mainly: Expenditure on consumables (+2.8 million RON), expenditure on civil protection and security (+1.8 million RON), expenditure on the implementation of pan-European codes (+1.3 million RON), expenses with provisions and depreciation adjustments.

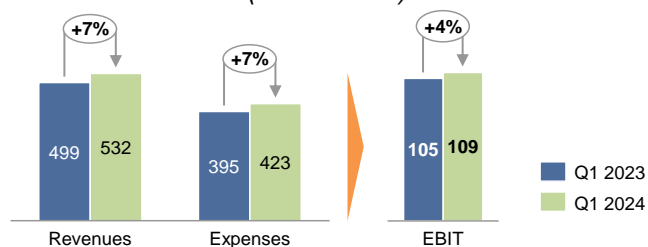
The depreciation expenses show an increase of 3 million RON, mainly influenced by the recording of expenses with the depreciation of tangible and intangible fixed assets (+2.2 million RON), calculated at the re-evaluated value of the assets on December 31, 2023, correlated with the commissioning of the works investments and with the receipt of assets.

At the same time, in Q1 2024 the expenses with the depreciation of intangible assets - additional OTC in the amount of 17.6 million RON and show an increase compared to Q1 2023 (+0.7 million). The additional costs with the purchase of electricity realized between January 1, 2022 and March 31, 2025, in order to cover the own technological consumption, compared to the costs included in the regulated tariffs, are capitalized quarterly, and the assets resulting from the capitalization are amortized over a period of 5 years from the capitalization date.

Operating result-allowed profit

The activities with permitted profit recorded a positive result in the amount of 109 million RON in Q1 2024, only a slight increase compared to the result in the amount of 105 million RON achieved in Q1 2023, in the conditions where operational revenues increased by 33 million RON, correlated with an increase in expenses (including depreciation) by 29 million RON..

EBIT structure activities with permitted profit
(million RON)



Zero profit segment

Revenues from zero-profit activities registered a significant increase (+848 million RON) from 609 million RON in Q1 2023 to 1,456 million RON in Q1 2024, mainly determined by the increase in revenues on the balancing market (+824 million RON), as well as the slight appreciation of revenues from technological system services (+23 million RON), determined by the increase in the tariff approved by ANRE, in the context of the 1.7% increase in quantity.

The segment of zero-profit activities also recorded an increase in costs (+820 million RON) determined by the increased value of expenses on the balancing market.

Balancing market revenues/Balancing market expenses were 2.6 times higher in Q1 2024 compared to Q1 2023.

The balancing market was mainly influenced by the following elements:

- the accelerated increase in the power installed at prosumers, from approximately 420 MW at the beginning of 2023 to approximately 1500 MW at the beginning of 2024, which, from the point of view of the impact on the system, corresponds to a reduction in consumption;
- lack of control/monitoring at the level of suppliers for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting the production forecasts of the prosumers in relation to the contractual position;
- the reduced degree of adjustment of the production of renewable energy producers with the net contractual position (we also mention here producers who are beneficiaries of green certificates, based on the provisions of Law

220/2008);

- the accentuated increase in supply prices in the balancing market (positive to increase, respectively negative to decrease), with an impact on the marginal prices recorded especially in the case of energies activated for secondary regulation, respectively in the case of energies activated on the tertiary rapidly decreasing in the situations with strong surplus production;
- under the conditions of a predominantly surplus system, at the level of the balancing market there is a large volume of power reduction selections, i.e. significant negative prices in the Balancing Market which determine, on the one hand, important revenues for the producers who offered negative prices at power reduction, i.e. considerable costs for PRE that recorded positive imbalances;
- the evolution of contractual imbalances registered at the level of electricity suppliers on the balancing market;
- the evolution of hydraulics.

For the next period of 2024 we estimate that:

- changes to the regulatory framework regarding the operation of the balancing market (the provisions of ANRE Order No. 127/2021 coming into force on 01.06.2024),
- the way of contracting on the markets prior to the balancing market;
- the behavior of market participants;
- the evolution of electricity production and consumption at the national level and the European context of the evolution of the electricity market,

will have a significant impact on the evolution of the balancing market.

Thus, starting on June 1, 2024, the ANRE Order regarding the approval of clauses and conditions in the matter of balancing, ANRE President's Order no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions for balancing service providers and for frequency stabilization backup providers and the Regulation on the terms and conditions for the parties responsible for balancing and for the amendment and repeal of some orders of the President of the National Authority of Energy Regulation published in the Official Gazette no. 1196 of December 17, 2021, with a significant impact on the evolution of the balancing market for the year 2024.

The system services are purchased by the Company from the producers in order to ensure the maintenance of the safety level in the operation of the NES and the

quality of the electricity transported to the parameters required by the technical norms in force.

The contracting of these services is carried out:

- in a regulated regime, based on the Government Decisions and the Decisions of the National Energy Regulatory Authority (ANRE);
- through competitive mechanisms.

The acquisition of system services is carried out competitively through daily tenders, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of June 5, 2019.

In Q1 2024, the contracting of regulated system services was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by Societatea de Producere a Energiei Electrice în Hidrocentrale „Hidroelectrica” SA.

Revenues from system services registered a 23% increase compared to the same period last year (124 million RON in Q1 2024 compared to 101 million RON in Q1 2023), determined by the increase in the tariff approved by ANRE for these services and the amount of electricity delivered to consumers (+1.7%).

The value of **system services expenses** in Q1 2024 registered a small decrease (-4%) compared to the same period in 2023.

The value of STS acquisition costs was mainly determined by the following factors:

- the purchase prices of system services on the competitive market remained around the following values:
 - ✓ the average purchase price of the secondary regulation reserve at the value of 78.37 RON/MWh;
 - ✓ the average purchase price of the rapid tertiary adjustment reserve, power increase to the value of 37.63 RON/MWh;
 - ✓ the average purchase price of the rapid tertiary regulation reserve, power reduction to the value of 9.82 RON/MWh.
- the manifestation during Q1 2024 of a high level of concentration of the system services market for secondary reserve (RS) system services.

We specify the fact that, in accordance with the trend observed on the balancing market, there is a steep increase in the purchase price of the rapid tertiary Reserve - power reduction, starting from April 2024. Thus, there were increases in the purchase price of the reserve from 9.82 RON/hMW at values up to 250

RON/hMW (purchase price for the Fast Tertiary Reserve - power reduction recorded on 20.04.2024). The same trend is also noticed in the Secondary Reserve, where on 20.04.2024 prices of 100 RON/hMW were recorded.

Starting from June 1, 2024, the ANRE Order regarding the approval of clauses and conditions in the matter of balancing, ANRE President's Order no. 127/08.12.2021 for the approval of the Regulation on the terms and conditions for balancing service providers and for frequency stabilization backup providers and the Regulation on the terms and conditions for the parties responsible for balancing and for the amendment and repeal of some orders of the President of the National Authority of Energy Regulation published in the Official Gazette no. 1196 of December 17, 2021, with subsequent amendments and additions, which defines the new types of reserves that will be purchased by Transelectrica, in accordance with the requirements of the European codes. These are the Frequency Stabilization Reserve (symmetrical band), the Frequency Restoration Reserve with automatic and manual activation, respectively the Replacement Reserve. These reserves will be qualified as standard reserves, based on ANRE Order no. 89/2021 regarding the technical qualification approval for the provision of system services.

Operating result - zero profit

The **EBIT** generated by the **zero-profit activities** recorded a positive result in Q1 2024 in the amount of 18 million RON, an increase of +27 million RON compared to the negative result achieved in Q1 2023.

For the activity of system services, according to ANRE regulations, the income surplus/deficit compared to recognized costs resulting from the performance of this activity is to be compensated by ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the respective surplus/deficit was recorded.

The income surplus/deficit compared to the costs resulting from the performance of this activity is calculated on tariff programming periods.

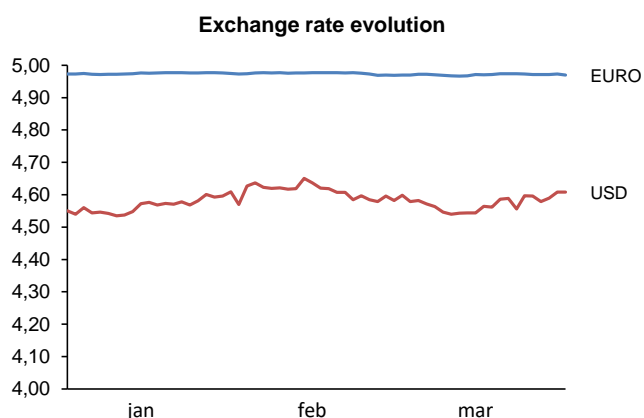
II. Financial Result

The negative net financial result recorded in Q1 2024 in the amount of 0.08 million RON, compared to the profit of 1.4 million RON from the same period last year, was mainly influenced by the evolution of the exchange rate, in the context of the increase in revenues from interests in the analyzed period.

The share in the total financial income/expenses of income/expenses with exchange rate differences is high and is significantly influenced by the large volume

of transactions related to the market coupling activity segment.

The evolution of the RON/EUR and RON/USD exchange rate in 2023 is shown in the following graph:



II. Company gross result (EBT)

Total operating revenues

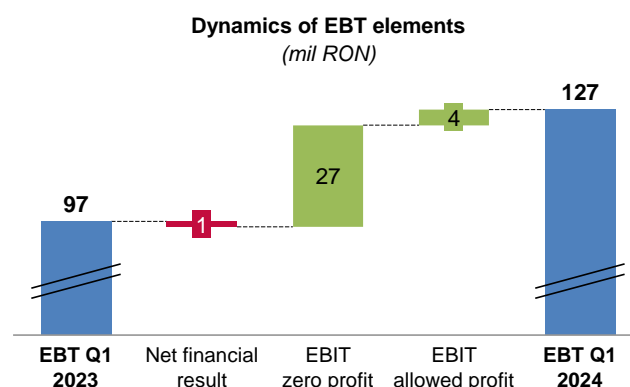
The total operating revenues achieved in Q1 2024 registered a percentage appreciation of 79% compared to the same period of the previous year (1,988 million RON in Q1 2024 compared to 1,108 million RON in Q1 2023), in the context of the significant impact of revenues from zero- advantage.

Total operating expenses

The total operating expenses (including depreciation) realized in Q1 2024 increased by 84% compared to the similar period of the previous year, 1,861 million RON in Q1 2024 compared to 1,012 million RON in Q1 2023.

The gross result recorded a higher value in the analyzed period, from 96 million RON in Q1 2023 to 127 million RON in Q1 2024, mainly in the context of the increase in the tariffed volume of energy at the rates approved by ANRE, of revenues from OTC transactions, of revenues from OTC capitalization (non-monetary), correlated with the increase in total operating expenses.

The dynamics between the result recorded in Q1 2024 compared to Q1 2023, broken down by the constituent components of the result, is presented in the following graph:



III. Net result

The gross result impacted by the profit tax in the amount of 24 million RON led to a net result at the end of Q1 2024 in the amount of 103 million RON, an increase compared to Q1 2023 when it was 80 million RON, influenced mainly due to the activities zero-profit (system services).

FINANCIAL POSITION

I. Fixed assets

Fixed assets recorded a slight increase in the first quarter of 2024 compared to December 2023, in the amount of 7 million ron, mainly determined by the increase in the value of tangible fixed assets.

Fixed assets related to the rights of use of leased assets – buildings

Fixed assets related to the rights to use the assets leased - buildings represent the right to use the premises leased by the Company in the Platinum office building, according to the provisions of IFRS 16 - Leasing contracts. Starting from 01.10.2020, the rental contract valid for a period of 5 years entered into force.

As of March 31, 2024, the accounting value of the right to use the premises leased by the Company in the Platinum office building amounts to 11.9 million ron.

Intangible assets

Intangible assets under construction on March 31, 2024 record a balance of 18.8 million ron represented by ongoing projects, the most significant of which are:

- Metering and data management system for electricity measurement on the wholesale market – 8.6 million RON;
- Replacement of hardware components, updating and development of specific applications of the Balancing Market Platform - II DAMAS, Acquisition Component of migration services and upgrading applications specific to the Balancing Market - 7.6 million RON;
- Development of the MARI platform – 2 million RON

In Q1 2024, revenues from the additional OTC capitalization were recorded in the amount of 7.4 million RON, representing additional costs with the purchase of electricity in order to cover the own technological

consumption compared to the cost recognized in the tariff.

On March 31, 2024, the net accounting value of the intangible asset resulting from the capitalization of the additional OTC amounts to 260 million RON.

Starting from September 30, 2022, the Company applies the provisions of GEO no. 119/2022, whereby the additional costs of the purchase of electricity made in order to cover the own technological consumption compared to the costs recognized in the regulated tariffs, are capitalized quarterly.

Thus, the capitalized costs are depreciated over a period of 5 years from the date of capitalization and are remunerated with 50% of the regulated rate of return approved by the National Energy Regulatory Authority, applicable during the depreciation period of those costs and are recognized as a distinct component.

II. Current assets

The current assets on March 31, 2024 (2,650 million RON) recorded a percentage decrease of 1% compared to the value recorded on December 31, 2023 (2,686 million RON), mainly due to the reduction of the cash and equivalents position.

Trade receivables increased by 18 million RON (2,134 million RON on March 31, 2024 compared to 2,116 million RON on December 31, 2023). The most important developments were:

- customers from the operational activity that, due to the decrease in energy consumption, generated a lower balance of receivables from the operational activity (942 million RON on March 31, 2024 compared to 1,005 million RON on December 31, 2023).

The main customers in the balance on the electricity market are represented by: IBEX, MAVIR, Ciga Energy SA, Electrica Furnizare SA Cinta Energy SA, OPCOM, Hidroelectrica, JAO, Engie Romania, PPC Energie SA. Their share is 82.5% in total trade receivables.

- customers – the balancing market which, due to the increase in the volume of transactions in the balancing market in the first quarter of 2024, compared to the fourth quarter of 2023, also determined the increase in the customer balance from the contracts concluded for this type of activity (704 million RON on 31 March 2024 compared to 594 million RON on December 31, 2023).

- customers - the support scheme, which registered a percentage appreciation of 22% (+32 million RON) mainly determined by the increase in the invoiced value for the collection of the monthly contribution.

On March 31, 2024, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration in a proportion of approximately 10% compared to 8% on December 31,

2023, of total trade receivables.

The company carries out the activities related to the bonus support scheme for the promotion of high-efficiency cogeneration, as the administrator of the support scheme, in accordance with the provisions of HGR no. 1215/2009, "the main duties being the monthly collection of the contribution for cogeneration and the monthly payment of bonuses".

On March 31, 2024, the Company records receivables in the amount of 176 million RON, represented by the invoices issued related to the bonus support scheme for the promotion of high-efficiency cogeneration, of which mainly:

- overcompensation for the period 2011-2013 in the amount of 76.70 million RON, respectively from RAAN – 63.46 million RON and CET Govora SA – 13.23 million RON;

- improper bonus for 2014 in the amount of 3.91 million RON, respectively from RAAN – 1.98 million RON, and CET Govora – 1.93 million RON;

- overcompensation for 2023 in the amount of 5.5 million RON, respectively from BEPCO – 2.9 million RON, Termoficare Oradea – 2.6 million RON (due in the second quarter of 2024);

- contribution for cogeneration not collected from the suppliers of electricity consumers in the amount of 20.7 million RON, respectively from: Transenergo Com – 5.9 million RON, Petprod – 4.4 million RON, Romenergy Industry – 2.7 million RON, RAAN – 2.4 million RON, UGM Energy – 1.5 million RON, CET Govora – 0.9 million RON, KDF Energy – 0.7 million RON, etc.

Until the date of this report, the Company has fully collected the receivables related to the overcompensation of the activity regarding the support scheme for the year 2023 (amount of 5.5 million RON), from Bepco (2.9 million RON) and Termoficare Oradea (2.6 million RON), as well as the amount of 14.2 million RON from the undue bonus established by ANRE Decisions for the year 2023.

Other receivables as of March 31, 2024, in the amount of 178 million RON, mainly include:

- various debtors (116.2 million RON), of which:
 - late payment penalties calculated for non-paying customers, in the amount of 95 million RON (of which the amount of 35.15 million RON represents penalties related to the support scheme).

The largest late payment penalties were registered by the clients: Romelectro (40.4 million RON), RAAN (16.9 million RON), CET Govora (9.6 million RON), Electrocentrale București (9.4 million RON), OPCOM (3.6 million RON), Total Electric Oltenia (3.3 million RON), Multiservice G&G (2.2 million RON), Electrogrup

SA (2 million RON), Petprod (1.9 million RON), ISPE Proiectare si Consultanță SA (1 million RON).

- compensation owed by suppliers for non-delivery of electricity: Arelco Power (0.99 million RON), Enol Grup (2.54 million RON) and Next Energy Partners (8.39 million RON).
- the receivable to be recovered from OPCOM representing the VAT related to the contribution in kind to the share capital of the subsidiary in the amount of 4.52 million RON.
- amounts received as subsidies (50.7 million RON), related to the ETG connection contracts;
- expenses registered in advance in the amount of 12 million lei represented mainly by domestic and international contributions (5.7 million RON), taxes and duties (2.8 million RON), ANRE contribution (1.8 million RON), rent and office building maintenance (0.7 million RON), insurance policies (0.6 million RON), various services and others;
- other social receivables in the amount of 1.9 million RON representing medical leaves paid by the employer to employees, amounts to be recovered from the National Health Insurance House, according to the legislation in force.

Advances to suppliers paid on March 31, 2024 represented by debtor suppliers for services in the amount of 74 million RON decreased significantly compared to December 2023 when they were in the amount of 152 million RON.

The balance mainly represents amounts from transactions related to the price coupling mechanism (for SIDC the value of 18.7 million RON, and for ICP - Interim Coupling Project and SDAC - Single Day-ahead Coupling the value of 53.9 million RON).

The start of the successful SDAC Single Day-ahead Coupling took place on October 28, 2021 and is the result of the cooperation between the Designated Operators of the Electric Energy Market (OPEED) and the Transmission and System Operators (TSO) from Bulgaria and Romania, respectively IBEX EAD, OPCOM SA, ESO EAD and Transelectrica.

The launch of flow-based energy market coupling in the Core region, on June 8, 2022, represented the transition from the coupling mechanism ICP – Interim Coupling Project to FBMC – Flow Based Market Coupling, optimizing the European electricity market for 13 countries : Austria, Belgium, Croatia, Czech Republic, France, Germany, Hungary, Luxembourg, Netherlands, Poland, Romania, Slovakia and Slovenia.

Within the FBMC project, Transelectrica has the role of both Shipper (Transfer Agent) and CCP – Central

Counterparty. As a CCP, the Company has the task of transferring the financial flows generated by the electricity flows, following the coupling process.

VAT to be recovered in the amount of 267 million RON related to the statements for the period December 2023 - March 2024 and October 2020, of which up to the date of this report, the amount of 66 million RON has been collected.

The largest existing depreciation adjustments in the balance on March 31, 2024, calculated for trade receivables and related penalties, are for Romelectro SA (40.4 million RON), JAO (30 million RON), CET Govora (24.6 million RON), Arelco Power (14.8 million RON), Total Electric Oltenia SA (14.2 million RON), Romenergy Industry (13.5 million RON), Elsaco Energy (9.3 million RON), RAAN (8.5 million RON), Next Energy Partners (8.4 million RON), OPCOM (8.1 million RON).

Liabilities

Long-term liabilities in the amount of 901 million RON on March 31, 2024 registered a percentage decrease of 2% compared to the value recorded on December 31, 2023, which was in the amount of 918 million RON.

Interest-bearing debts

On March 31, 2024, the amount of long-term loans decreased compared to December 31, 2023 mainly due to repayments made under existing loan agreements. At the same time, the value of short-term loans increased from the balance of 25 million RON in December 2023 to 73 million RON on March 31, 2024. On March 31, 2024, withdrawals were made from the credit line to finance the working capital of the company, in the amount of 48.7 million RON.

At the same time, **short-term debts** registered a decrease in percentage of 6%, from 2,376 million RON on December 31, 2023 to 2,240 million RON on March 31, 2024, mainly due to the reduction of commercial debts and other debts.

The following had an impact on the evolution of commercial debts:

- **suppliers on the energy market** that decreased by 101 million RON and register a balance in the amount of 1,240 million RON on March 31, 2024 compared to 1,341 million RON in December 2023.

This evolution was mainly influenced by:

- the reduction of the *balance of debts related to the operational activity* by 159 million RON, which was mainly determined by the payment at maturity, in the year 2024, of the payment obligations in the balance on

December 31, 2023, resulting, mainly, from the coupling of the electric energy markets.

The suppliers on the electricity market are mainly represented by: OPCOM, MAVIR, Hidroelectrica SA, IBEX, Electrocentrale București, CIGA Energy SA, S Complexul energetic Oltenia SA, Joint Allocation Office, Electrica Furnizare SA, CINTA Energy SA. On March 31, 2024, their share in total energy suppliers is around 89.6%.

- *the increase in the balance of "debts related to the balancing market"* by 81.5 million RON was mainly determined by the increase in the volume of transactions registered on the balancing market in the first quarter of 2024, compared to the fourth quarter of 2023.

- *the decrease in debts related to the support scheme to suppliers (producers)* by 23.5 million RON was determined by the decrease in the value of the monthly bonus for high-efficiency cogeneration from March 2024, compared to December 2023.

- **suppliers of fixed assets** decreased by 35.4 million RON due to the payment of overdue payments,
- **suppliers of other activities** also decreased by 7 million RON, being mainly represented by the category of debts related to services provided by third parties not yet due.
- **"other debts"** decreased by 61.4 million RON, from the balance of 636.7 million RON on December 31, 2023 to 575.4 million RON on March 31, 2024, based on the evolution of various creditors.

The structure of "other debts" is as follows:

- *various creditors* in the amount of 223 million RON (they decreased by 89 million RON compared to December 31, 2023) are mainly represented by the net position of the support scheme regarding high-efficiency cogeneration, debt position (200 million RON), contracts of solution studies for the connection to the ETG (12 million RON), the amount collected by Transelectrica (6.8 million RON) to be paid to the distribution operators based on ANRE decisions, representing the OTC caused by the additional energy transits in the grids of the distribution operators distribution concessionaires at the voltage level of 110 kV, for the quota assigned to producers who own plants with an installed capacity of more than 5 MW connected to the respective distribution grids, according to the ANRE President's Order no. 82/02.08.2023, royalty I quarter 2024 (2 million RON),

- *creditor customers* on March 31, 2024 in the amount of 267.5 million RON (increased by 21 million RON compared to December 31, 2023) and represent amounts collected in advance in transactions related to price coupling mechanisms in the amount of 267,1 million RON, (ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling), FBMC (Flow Based Market Coupling), but also from MAVIR (76 million RON), OPCOM (9 million RON), IBEX (182.3 million RON),
- *the debt for fixed assets related to the rights of use of assets leased - buildings, according to the provisions of IFRS 16 – Leasing contracts*, amounts to 8.7 million RON (short-term debt),
- *other debts* in the amount of 71.7 million RON are represented, mainly, by the guarantees of good payment of contracts on the electricity market concluded by Transelectrica in the amount of 45.2 million RON and VAT not due during the reporting period in the amount of 26.2 million RON.

Provisions recorded a decrease of 2 million RON on March 31, 2024 (63 million RON) compared to December 31, 2023 (65 million lei).

III. Equity capital

The equity registered an increase determined mainly by the recording in the retained earnings of the net profit in the amount of 103 million RON, achieved on March 31, 2024. Thus, the equity on March 31, 2024 amounts to 5,314 million RON compared to 5,190 million RON on December 31, 2023.

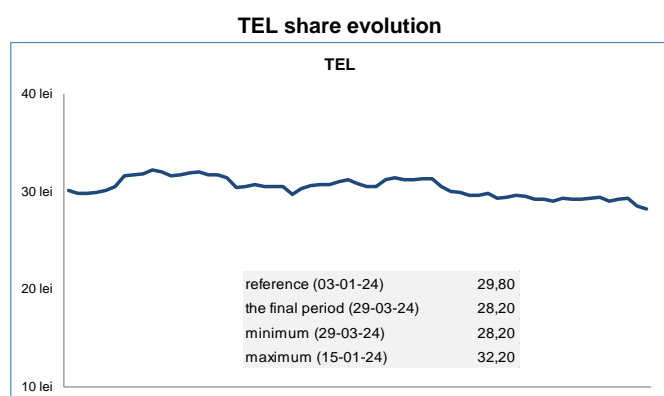
EVOLUTION OF SHARES

| | |
|-----------|--------------|
| Symbol | TEL |
| ISIN: | ROTSELACNOR9 |
| Segment | Main |
| Category: | Premium |
| Type: | Shares |
| Status: | Tradeable |

The year 2024 started with a trading price of 29.80 RON/share, opening the way to the maximum price of the period of 32.20 RON /share recorded on 15.01.2024.

The final price of the period brought TEL shares a market capitalization of 2,067 million RON.

The trading of TEL shares during the first quarter of 2024 on the capital market in Romania recorded 6,686 transactions with an average number of 62 transactions/day and 721,648 traded shares, with a total value of 56,449 thousand RON.



Transelectrica shares are part of the structure of the following stock indices: BET, BET-NG, BET-TR, BET-XT, BET-XT-TR, BET-BK, BETplus, BET-TRN, BET-

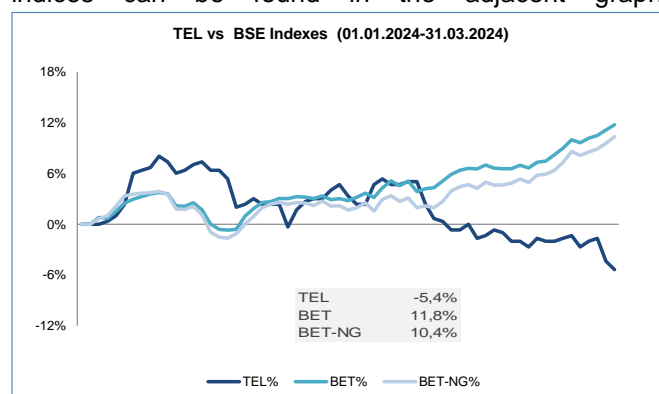
XT-TRN, ROTX. Among them, the most representative for the Company are:

- the BET index (Bucharest Exchange Trading - the reference index of the capital market that reflects the evolution of the 20 most liquid companies listed on the regulated market of BVB),
- the BET-NG index (Bucharest Exchange Trading Energy & Related Utilities - sectoral index that reflects the evolution of companies in the field of energy and related utilities listed on the market regulated by BVB).

According to the last periodic adjustment date recorded on 08.03.2024, TEL shares have a weight of 1.29% in the BET index and 2.42% in the BET-NG index.

Internationally, TEL shares are part of the composition of the MSCI Frontier and MSCI Romania indices.

The evolution of the TEL share in relation to the two indices can be found in the adjacent graph:



MAIN RISKS AND UNCERTAINTIES

The analysis of decision-making problems under conditions of risk involves an evaluation of decision alternatives, of their consequences, considering that the effects of decisions are not known with certainty. In these cases, the optimal course is the one that maximizes the anticipation, respectively reveals the probable or anticipated value of the result.

The in-depth knowledge of the threats allows their prioritization depending on the possibility of their materialization, the extent of the impact on the objectives and the costs involved in the measures aimed at reducing the probability of occurrence or limiting the unwanted effects.

At the level of the Company, the risks related to the performance of its own activities are periodically and systematically analyzed, the Register of identified risks,

risk tracking sheets, risk alert forms (for newly emerging risks) and the implementation plan of control measures are drawn up annually, in the direction limiting the possible consequences of these risks, in accordance with the legal provisions.

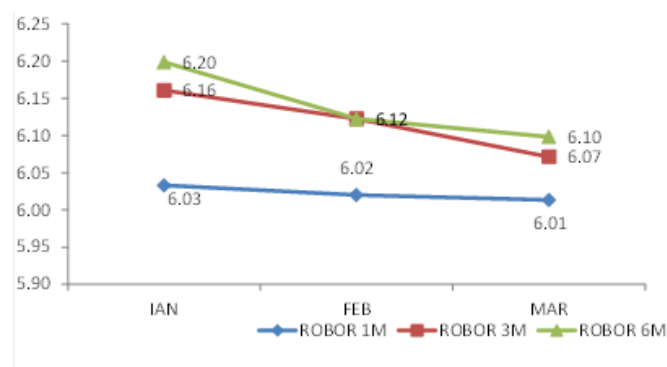
Among the elements that can affect the Company's liquidity are:

- **interest rate fluctuation**

In order to limit the impact of interest rate fluctuations on the Company's liquidity, long-term loans with a fixed interest rate were contracted, and the most advantageous interest rates were negotiated for short-term loans.

In the short term, Transelectrica has contracted two lines of credit to finance the bonus support scheme for high-efficiency cogeneration, with a variable interest rate calculated according to the ROBOR 1M reference, to which a 0% margin is added, respectively a line of credit for financing the current activity, with an interest calculated according to the reference rate ROBOR 1M, to which a margin of 0.05% is added.

The interest rates on the national monetary market experienced a downward trend in the last 3 months, in the context of the excess liquidity in the banking system, combined with the lower demand for loans and the more restrictive conditions associated with the offer of credits.



➤ exchange rate variation

Currency risk expresses a probability of recording losses from international commercial contracts or other economic relationships, due to changes in the exchange rate of the currency in the period between the conclusion of the contract and its maturity.

Another method by which such effects can be avoided is represented by the inclusion in the contract of a currency clause or a price revision clause. The application of various extra-contractual measures can save the Company from the presence of negative effects.

To limit the impact of exchange rate fluctuations, the Company negotiates the best exchange rates through the specialized department.

To honor foreign currency obligations, the Company has opened foreign currency accounts at commercial banks within the Romanian banking system.

The exposure to exchange rate risk (mainly due to the EUR currency) is not significant, thus the Company does not use risk hedging instruments.

At the same time, the national currency experienced a period of appreciation between January and March, as a result of developments on the international financial markets.

However, the inflation differences between Romania and the Eurozone, the large current account and budget deficits in the country, the weak growth of the local economy, the recently adopted fiscal consolidation measures, lead to the depreciation of the national currency.

➤ the provisions of the financing agreements

Within the financing contracts, there are clauses regarding the observance of certain financial indicators (covenants), changes in control over the Company, "pari passu" type clauses, the violation of these clauses may entail, on the basis of a prior notification and a reasonable time, the early payment of the financing facilities.

Until the date of this report, there were no situations of non-compliance with the provisions of the Company's financing agreements.

➤ the risk of non-fulfillment of legal conditions

The Company's liquidity could be affected by penalties caused by non-conformities reported during periodic control activities by the competent bodies (ANAF, CCR, MFP, etc.). This risk did not materialize during the analyzed period.

➤ Operational level

In order to observe the principles of decision-making transparency, established by the provisions of Law no. 52/2003 on decision-making transparency in the public administration, republished, ANRE submits to the public consultation process a draft order on establishing the regulated rate of return on invested capital applied to the approval of tariffs for electricity and natural gas transmission and distribution services, for the fifth regulatory period. The project was published on March 12, 2024, with a deadline for submitting observations and proposals from Transelectrica, 30 days from the date of publication.

The ANRE order proposed for approval includes measures to update the calculation elements of the weighted average cost of capital for the fifth regulatory period, for electricity and natural gas transmission and distribution activities, in accordance with the provisions of the Methodologies for setting tariffs for operators of the electricity and natural gas networks.

The regulated rate of return on invested capital, expressed in real terms, before taxation, applied to the establishment of tariffs for electricity and natural gas transmission and distribution services, for the fifth regulatory period is 6.75%, compared to the previous one 6.39%.

The proposed value is higher than the one in force, a fact that will positively influence the level of investments in the electricity and natural gas networks, by ensuring an appropriate level of return on invested capital.

In the first 3 months of 2024, this risk did not materialize;

- **cash-flow risk** – this represents the risk that Transelectrica will not be able to honor its payment obligations when due. A prudent cash-flow risk management policy involves maintaining a sufficient level of cash, cash equivalents and financial availability through appropriately contracted credit facilities. The Company monitors the level of forecasted cash inflows from the collection of trade receivables, as well as the level of forecasted cash outflows for the payment of trade and other payables.

The company pays increased attention to the efficient management of the treasury, through the effective management of cash flows and the optimization of surplus liquidity in order to be able to honor financial obligations as they come due, as well as the availability, in case of need, to call for financing through adequate credit facilities.

For situations requiring working capital financing, the Company uses short-term loans, in the form of revolving credit lines.

As of the date of this report, thanks to the solutions found and the measures taken in time, the Company has observed its financial obligations.

Other risks that can influence the Company's financial performance can be:

- **the risk of deterioration of the credit rating** as a result of the worsening of financial indicators, the macroeconomic and political climate or/and the worsening of the Company's financial performance.

This risk reflects a complex of factors, with a potential effect on the increase in financing costs on the credit market, which can significantly affect the Company considering the substantial amount of capital needed to be attracted to finance the investment plan for the coming years.

Currently, the rating granted by Moody's to the Company is at the Baa3 level, stable perspective.

- **the investment risk** arising as a result of financial difficulties at the level of the subsidiaries caused both by historical debts, the competitive environment and their own management.

The company gives due importance to the analysis of the risk environment and the early identification of possible risks that may appear in the future, as well as the use of early warning systems, not limiting itself to dealing with the consequences of certain events that would occur, but adopting a style of reactive management, implementing preventive measures, taken in advance, aimed at mitigating the manifestation of risks.

At the same time, the periodic review of the risks, as provided in the standards, involves providing the necessary and sufficient financial resources, with the aim of controlling, eliminating, mitigating or transforming the action of the risks so as to reach an optimization of the resources which the Company has.

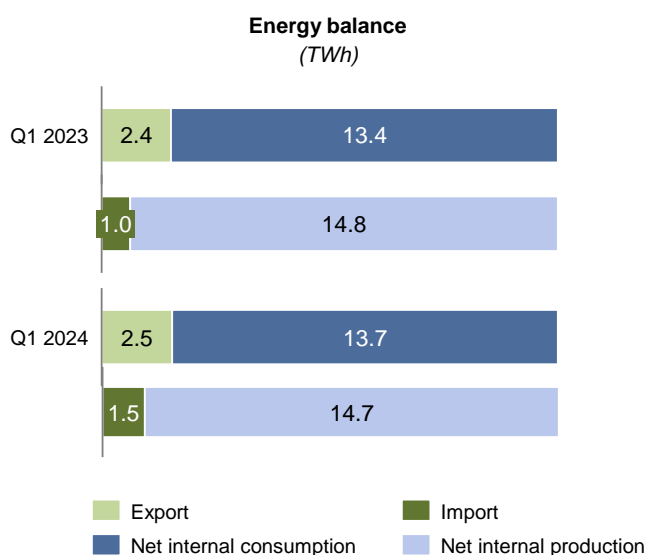


Operational data

ENERGY BALANCE NES

Analysing the evolution of the components of the energy balance, in the period January - March 2024 compared to the same period in 2023, there is a 2% increase in net domestic consumption¹ and a 1% decrease in net energy production.

Cross-border physical export trade in Q1 2024 grew by 4% compared to the same period in 2023, while import trade grew by 52%.



In January 2024, electricity consumption at NES level increased by about 5%, while the other two months saw decreases, February (approx 0.38%) and March (approx 1.55%).

The consumption increase in January 2024 was largely influenced by the monthly average temperature, which was -0.19°C compared to January 2023, when it was +3.2°C.

February and March saw higher temperatures than the previous year, leading to a reduction in consumption.

The consumption trend in January was also affected by the decrease in the number of hours of solar radiation, which led to a decrease in the production generated by prosumers.

¹ the values do not include consumption related to own services in electricity generation plants; the net consumption value includes losses in transmission and distribution networks, pump consumption in pumped storage hydro stations as well as storage consumption

Note that on January 31, 2024, the installed capacity of prosumers was 1,502 MW.

Another element that led to the reduction of national electricity consumption is the entry into force of Regulation (EU) 2022/1854 of October 6, 2022 on emergency action to tackle high energy prices.

Article 3 para.1 provides that Member States shall endeavour to implement measures for the reduction of their total gross monthly electricity consumption by 10% compared to the average gross monthly electricity consumption in the corresponding months of the reference period².

PRODUCTION MIX

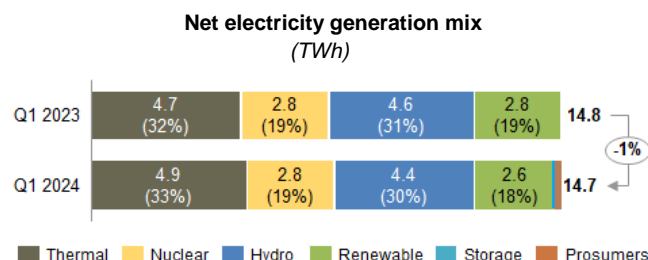
In terms of the production mix, in the period January - March 2024 compared to the same period in 2023, there was an increase of 4% in the thermal component, while the nuclear, hydro and renewable components decreased by 0.1%, 4% and 6% respectively.

Starting in the third quarter of 2023, battery generation was introduced into the generation mix, which by the end of March 2024 totalled 1.3 GWh.

As of January 2024, the generation mix structure includes energy injected into the grid by prosumers (27 GWh), but without their internal consumption.

As for the net energy produced for February, this does not include the value for consumers.

Also, for March the values for renewables and hydro are provisional and the value for prosumers is not included.



² Article 4(1): Each Member State shall identify the peak hours corresponding in total to a minimum of 10 % of the total number of hours in the period from December 1, 2022 to 31 March 2023.

Analysing the weights of the components of the net production mix for the period January - March 2024, it can be seen that the largest share, 33%, is represented by the Thermo component, followed by the Hydro

component 30%, and energy produced from renewable and nuclear sources have a share of 18% and 19% respectively.

NATIONAL PRODUCTION PARK

In Q1 2024, installed capacity in thermal power plants decreased by about 11%, from 6,185 MW installed on 31 December 2023 to 5,447 MW installed on March 31, 2024.

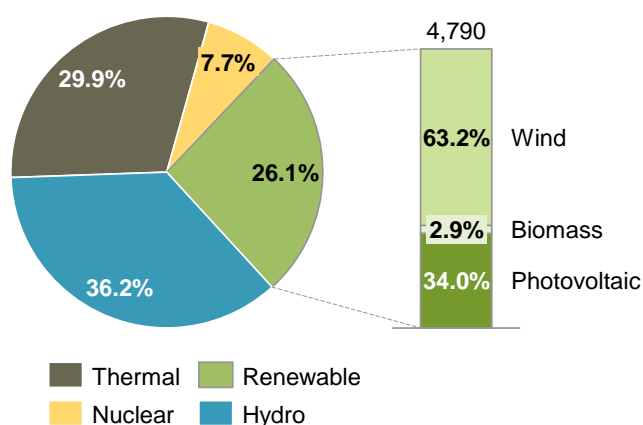
On April 1st 2024, the gross installed capacity in the NES totalled 18,319 MW, with the following structure by primary energy sources: coal - 2,762 MW (1,909 MW net), hydrocarbons - 2,715 MW (2,275 MW net), nuclear - 1,413 MW (1,300 MW net), hydro - 6,639 MW (6,312 MW net), wind - 3,027 MW (2,966 MW net), photovoltaic - 1,626 MW (1,527 MW net), biomass - 137 MW (125 MW net).

The data presented reflects production capacities that have a commercial operating licence. Production units on probation are not included in this report.

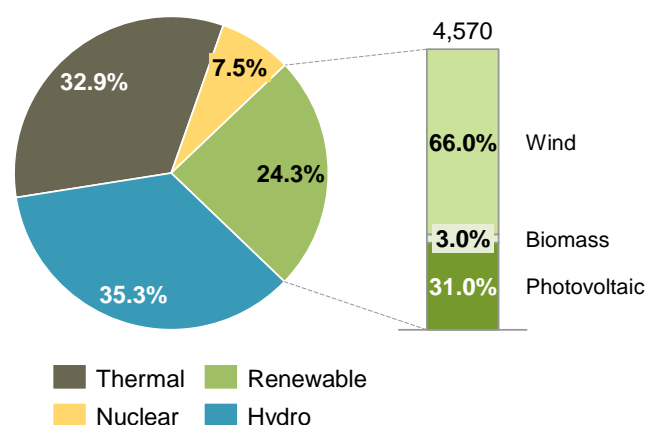
As regards the installed capacity in storage facilities, on 01.04.2024 this totalled 16.2 MW, of which 7 MW qualified for the provision of system services, the difference of 9.2 MW being in facilities (batteries) connected mainly in wind power plants, not qualifying for participation in the Balancing Market.

The installed capacity for the period January-March 2024 compared to January-March 2023 is shown in the graphs below:

Installed capacity Q1 2024 (18,319 MW. gross value)



Installed capacity Q1 2023 (18,809 MW. gross value)



CROSS-BORDER FLOWS

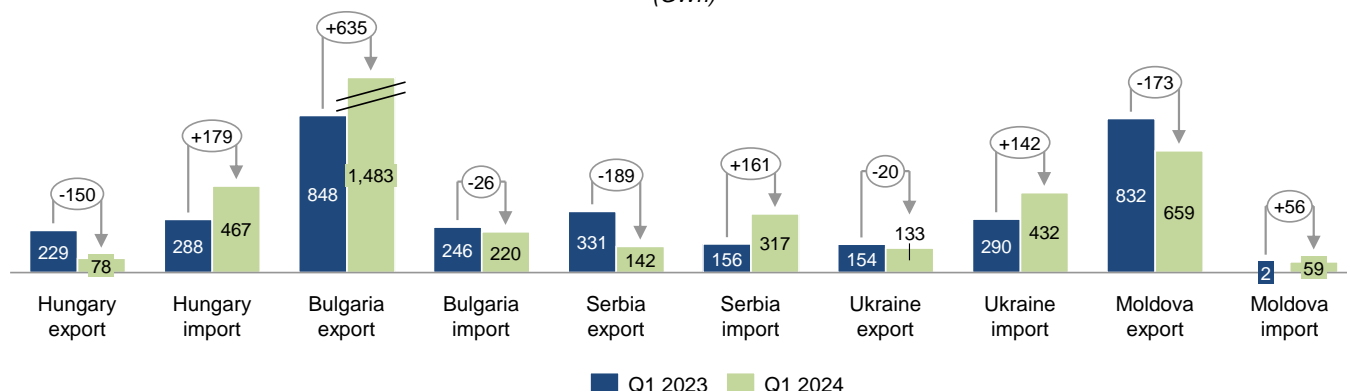
The distribution of **physical import/export flows** on interconnection lines in the period January - March 2024 compared to January - March 2023 is as follows:

- exports decreased on the border with Serbia, Hungary, Ukraine and Moldova and increased on the border with Bulgaria, and
- imports increased on the border with Serbia, Hungary, Ukraine and Moldova and decreased on Bulgaria.

Specifically, compared to January - March 2023, physical export flows increased on the border with Bulgaria (+75% +635GWh), and decreased on the border with Serbia (-57% -189GWh), Hungary (-66% -150GWh) Ukraine (-13% -20GWh) and Moldova (-21% -173GWh). Physical import flows decreased on the border with Bulgaria (-26GWh) and increased on the interconnection lines with Serbia (+161GWh), Hungary (+179GWh), Ukraine (+142GWh), and Moldova (+56GWh).

The physical flows of both imports and exports at each border are shown below:

Physical flows
(GWh)



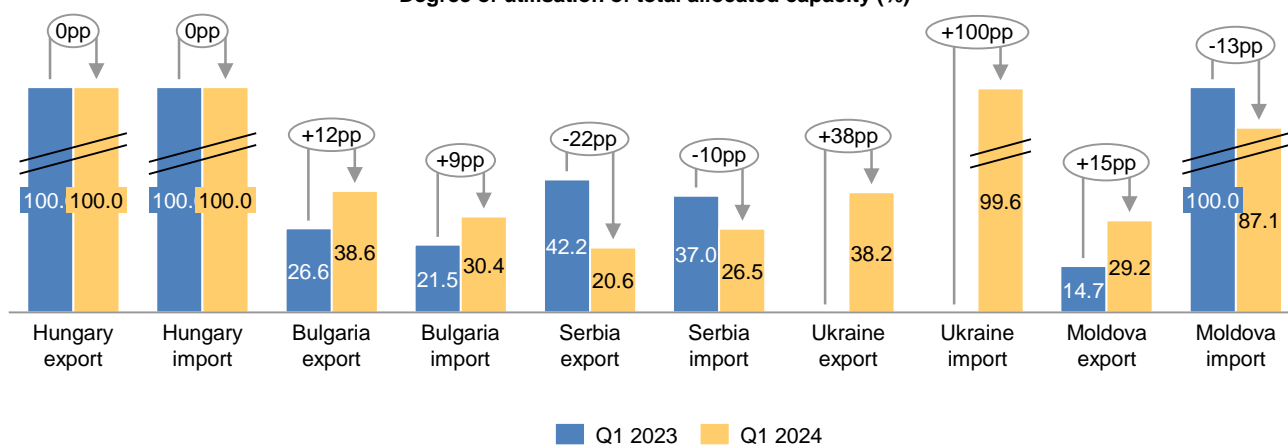
Compared to the same period in 2023, there was an increase of about 34% in import trade and 18% in energy in transit, against the background of lower hydroelectricity compared to last year at this time of the year and domestic electricity consumption which, with the exception of January, did not vary much compared to the same period in 2023.

On the border with Hungary, the utilisation rate is 100%, both import and export, as short-term auctions are default auctions (capacity and energy are allocated simultaneously), and since January 2023, there has

been a complete switch in long-term auctions from the Physical Capacity Rights allocation mechanism to the Financial Capacity Rights allocation mechanism (capacity allocated in annual and monthly auctions is no longer a physical right that can be used by the participant, but only a financial right).

Trade includes the amount of electricity imported and exported as a result of Transelectrica S.A.'s participation as an operational member in the European Imbalance Netting Platform (IGCC), as of December 17, 2021.

Degree of utilisation of total allocated capacity (%)



The degree of utilisation of total capacity rights on a border and direction is the ratio, expressed as a percentage, of the energy corresponding to trade

carried out (notified) in a month to the energy corresponding to total capacity rights.

OWN TECHNOLOGICAL CONSUMPTION

For the whole of the first quarter of 2024, OTC in the ETG decreased by 7% compared to the same period in 2023, mainly as a result of more favourable physical flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria and favourable weather conditions in the first two months, characterised by lower rainfall amounts, which reduced corona losses.

Relative to the energy entering the ETG contour losses decreased from 2.54% to 2.30%.

Due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission grid (ETG) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission grid and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market.

Factors that significantly influenced the OTC in the period January - March 2024, such as rainfall and the distribution of physical cross-border flows, are not under Transelectrica's control.

FACTORS EVOLUTION OTC

In January 2024 OTC decreased compared to January 2023 by 10.1% as a result of favourable generation dispatch and more favourable physical import/export flows on interconnection lines on the borders with Ukraine, Hungary and Bulgaria leading to reduced transmission of energy away from sources, as well as weather conditions characterised by lower rainfall amounts, which led to lower corona losses.

The percentage of losses relative to energy entering the ETG decreased from 2.62% in 2023 to 2.25% in 2024.

Energy entering the grid increased by 4.6% in January 2024 (180.7 GWh) compared to the same period in 2023, as a result of a 3.35% (107.7 GWh) increase in energy received from generators connected to the ETG and a 76.6% (226 GWh) increase in energy received from imports, while energy received from the RED decreased by 39.5% (153 GWh).

In February 2024 OTC decreased compared to February 2023 by 6.5% as a result of more favourable physical import/export flows on the interconnection lines on the borders with Ukraine, Hungary and Bulgaria which led to a reduction in the transmission of energy away from sources, but also favourable weather

conditions with lower rainfall amounts which led to lower corona losses.

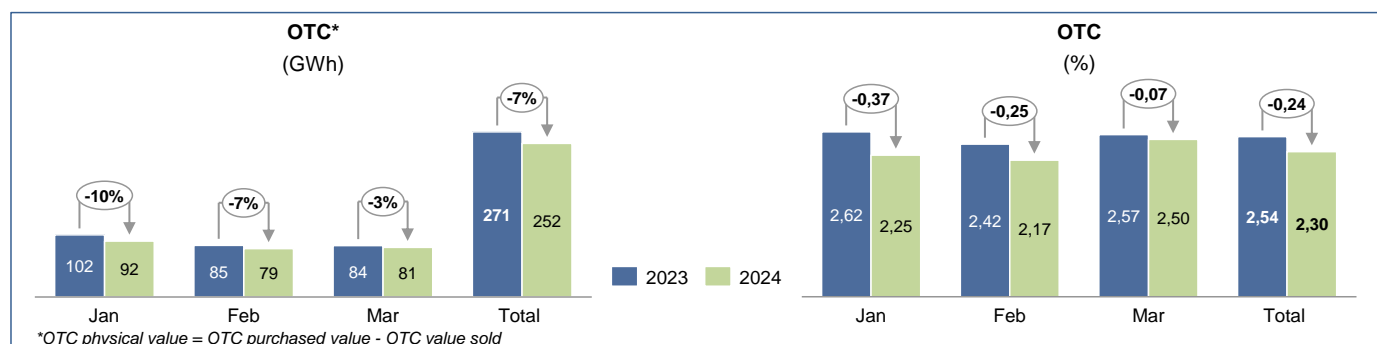
The percentage of losses relative to energy entering the ETG decreased from 2.42% in 2023 to 2.17% in 2024.

Energy entering the grid increased by 4.4% (154.5 GWh) in February 2024 compared to the same period in 2023, as a result of a 2.36% (67.4 GWh) increase in energy received from generators connected to the ETG and a 39.8% (126.2 GWh) increase in energy received from imports, as energy received from the RED decreased by 12.2% (39.1 GWh).

In March 2024 OTC increased compared to March 2023 by 3.4%, mainly due to increased energy entering the ETG contour, but also due to unfavourable weather conditions with higher rainfall amounts, which increased corona losses.

The percentage of losses relative to energy entering the ETG decreased from 2.57% in 2023 to 2.50% in 2024.

The energy entering the grid increased by 11.2% (367.1 GWh) in March 2024 compared to the same period in 2023, as a result of a 9% (235.4 GWh) increase in energy received from generators connected to the ETG and a 43.6% (161.2 GWh) increase in energy received from imports, while a 10.1% (29.5 GWh) decrease in energy received from the RED.





ETN Development

FIXED ASSETS RECORDED IN THE ACCOUNTS

The total value of tangible assets at March 31, 2024 compared to December 31, 2023 was driven by the increase in the value of tangible assets in progress, concurrent with the recording of depreciation of tangible assets.

The value of tangible fixed assets recorded in the accounts in January-March 2024 is 223.9 million lei (55.8 million lei in the same period of 2023), an increase of 168 million lei.

The largest transfers from tangible assets in progress to tangible assets are mainly represented by the commissioning of investment objectives, the most significant of which are listed below:

- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV OHL s.c. Porțile de Fier - (Anina) - Reșița - 160.4 mil lei;

- Modernization of 220/110/20 kV Arefu Station - 31 million lei;
- Relocation of 220 Kv and 400kV networks for the construction of the Braila-Galati express road - 10.1 million lei;
- Deviation of 220 kV OHL in Ampoi Alba Iulia area - 7.7 million lei;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut station and modernization of the control system of 400/220/110/6 kV Iernut station - 6.1 mil lei;
- Installation of an embedded fibre optic protection conductor on the 400kV Roșiori - Mukacevo OHL - 5.2 million lei;
- Relocation/protection of high voltage 220 networks - OHL 220 kV d.c. Reșița - Timișoara, OHL 220 kV Timișoara - Arad/Timișoara - Săcălaz and OHL 220 kV d.c. Mintia - Timișoara at the intersection with the Timișoara South Bypass - 2.5 mil lei.

TANGIBLE AND INTANGIBLE ASSETS

Purchases of tangible and intangible assets in the first quarter of 2024 amounted to 112.8 million lei, an increase compared to the same period of 2023 when purchases amounted to 67.3 million lei.

At the same time, the balance of tangible assets in progress according to the financial position as of March 31, 2024, in the amount of 850 million lei, is represented by projects in progress, the most significant being listed below:

- 400 kV d.c. Gutinaș - Smârdan - 219.3 million lei;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400 kV OHL s.c. Porțile de Fier - (Anina) - Reșița - 88.3 mil lei;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja OHL to 400 kV Medgidia South station Phase II - 400 kV OHL d.c. Connections at Medgidia South station - 72.8 mil lei;
- Refurbishment of 220/110/20kV Baru Mare Station - 68.7mil lei;
- Connection to the ETG of CEE 300 MW Ivești, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 through the new (400)/220/110 kV Banca Station - 46.,9 mil lei;

- Refurbishment of 220/110 kV Filești station - 44.7 million lei;
- Increasing the transmission capacity of the 220kV Stejaru - Gheorgheni - Fântânele OHL - 32.6 million lei;
- Refurbishment of 400/110/20 kV Smârdan station - 32.1 million lei;
- Refurbishment of the 400/110 kV Pelicanu transformer station - 31.6 million lei;
- Metering and data management system for electricity metering on the wholesale market - 21.3 mil lei;
- Upgrading of 400 kV Isaccea station - Phase II - 14.6 million lei;
- Refurbishment of the 110 kV Medgidia South station - 13.8 million lei;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for the Craiova - Pitești Express Dr., section 4 - 13.3 million lei;
- Extension of the 400 kV Gura Ialomiței station with two cells: OHL 400 kV Cernavodă 2 and 3 - 12.5 mil lei;

- Purchase and installation of 21 monitoring systems for transformer units in NPG CO. Transelectrica SA stations - 10.8 million lei;

- 400 kV Stâlpu station - 9.4 million lei;
- 110 kV, 220 kV and 400 kV mobile switchgear - 9.3 million lei;

ANNUAL INVESTMENT PROGRAMME

The breakdown of investment expenditure as at 31 March 2024 by main chapters of the annual investment programme is as follows:

| No. | Categories of expenditure | IPA 2024 Programme* | Earnings (mil lei) | |
|----------|---|---------------------|--------------------|--------------|
| | | (mil lei) | Q1 2024 | Q1 2023 |
| | Grand total (A+B) | 538.14 | 88.42 | 59.30 |
| A | Company's own expenses | 513.02 | 78.66 | 59.30 |
| B | Investments financed from the feed-in tariff | 25.13 | 9.75 | 0 |

*PAI 2024 revision A2

Thus, the annual investment programme achievement as at March 31, 2024 is 16.4% over Programme and 67.4% over budget Quarter 1.

Compared to the Annual Investment Programme, the own expenditure execution rate is 15.3% and compared to the budgeted Q1 66.1%.

The amount of investments made in the following years is 75.39 million lei and represents 96% of the Company's own investment expenditure in 2024.

The realised value of the investments financed from the connection tariff is 9.75 million lei, corresponding to requests for the execution of network relocation works or grid connection of some producers.

The investment programme for 2024 has been revised twice due to requests to introduce/remove investment objectives, increase/decrease some expenditure amounts due to the pace of execution of investment projects.

EUROPEAN FUNDS

Collaboration between Transelectrica and Politehnica University of Bucharest

Investing in the training of young people is a core objective for the Company.

Transelectrica participates in the selection process initiated by the Politehnica University of Bucharest for the establishment and operationalization of a Consortium for the creation of a complete professional route for technical education, where, together with UPB, a funding application was submitted for the

The Company's development plan for the next 10 years includes a comprehensive investment programme aimed at strengthening energy security, digitisation and the implementation of the SMART GRID concept, which will increase the capacity to integrate renewable energy into the system on the one hand and increase interconnection capacity on the other.

As regards ETG's capacity to integrate new renewable generation units, the wind and solar potential of the Dobrogea (south-east of the country) and Banat (south-west of the country) regions should be mentioned.

These already congested regions no longer allow for new capacity additions, but taking into account investments currently underway as well as those planned for these two regions alone, by 2027 there will be around 5,000 MW of additional capacity available.

CONTRACTUAL ISSUES

The most important investment contracts signed in Q1 2024 are:

- 400 kv Stâlpu power station and modernization of 110 kv and medium voltage cells in Stâlpu power station - equipment – 32.12 mil lei
- Dedicated software development, necessary to determine the quantities of reserves using the probabilistic method - 6 mil lei
- Off-line program for individual network modelling, steady-state calculation, cross-border capacity calculation, including CGMES conversion module, for programming and planning purposes. NES on various time horizons – 1.97 mil lei.

implementation of the project "**Campus Dual Politehnica București**".

After the submission in March 2023 of the funding application for the project "Campus Dual POLITEHNICA Bucharest", within the framework of the Call PNRR/2022/ C15 / MEDU /I6/Pilot programme for the development of regional consortia for dual education, on 11.05.2023 following the eligibility assessment, the project was declared admitted.



On 07.07.2023 the final list of the results of the qualitative evaluation was published and the project remained in first position. We mention that in early October the grant contract was signed and therefore the implementation of the project started.

The project runs for a period of 3 years (maximum implementation deadline: June 30, 2026).

Starting from November 2023, Transelectrica is organizing internships for 5 students enrolled in dual education at the Technical College of Post and Telecommunications "Gheorghe Airinei".

On 19.03.2024, the first working meeting of the project took place at the headquarters of the National University of Science and Technology POLITEHNICA Bucharest with all the partners involved and representatives of the Ministry of Education.

Modernisation Fund

As regards the implementation of the 9 projects related to the Modernisation Fund amounting to 424,404,843 euro, *reimbursement requests* have been submitted over time *with a total reimbursed amount of 15,774,173 lei according to the submission schedules for the following projects:*

- *Phase II "Banat Axis", Construction of a new 400 kV overhead power line Reșita - Timișoara/Săcălaz, Refurbishment of the 110 /220 kV Timișoara station and switch to 400 kV - total amount reimbursed - 7.042.511 lei;*
- *Pilot project - Refurbishment of the 220/110/20 kV Alba Iulia Station in the concept of a digital station - total amount reimbursed - 2.605.443 lei;*
- *Installation of two modern means of reactive power compensation in 400/220/110/20 kV Sibiu Sud and 400/220/110/20 kV Bradu stations - total amount reimbursed - 769.574 lei;*

- *Digitalization of ETG by installing 2 online systems for metering and management of electricity metering data on the wholesale market, and for monitoring of electricity quality - total amount reimbursed - 6.126.218,96 lei.*

Project "400 kV d.c. Gutinaș Smârdan OHL"

As regards the project " 400 kV d.c. Gutinaș Smârdan OHL", financed by the Large Infrastructure Operational Programme 2014-2020, Priority Axis 8 - *Intelligent and sustainable electricity and gas transmission systems, Specific objective 8.1 - Increasing the capacity of the National Energy System to take up energy produced from renewable resources, in Q1 2024 2 (five) Reimbursement Requests were submitted, with a total reimbursed amount of 27.590.123,87 lei by the Managing Authority - POIM.*

REPowerEU Plan

The REPowerEU plan sets out a series of measures aimed at rapidly reducing Russia's dependence on fossil fuels and accelerating the green transition, while increasing the resilience of the EU's energy system.

The objective of the REPowerEU-funded investment is to increase flexibility and address bottlenecks in the electricity grid to accelerate the integration of additional renewable energy capacity and increase grid resilience, while strengthening cyber security through better responsiveness to cyber attacks.

After the signing of the Financing Contract between the General Secretariat of the Government (Reform and/or Investment Coordinator) and NPG CO. Transelectrica S.A. (Beneficiary) on 09.04.2024, the related activities for the implementation of Investment 5. Digitalization, efficiency and modernization of the national electricity transmission grid (allocation 56.237.200 euro), financed by the National Recovery and Resilience Plan, related to Component 16, were carried out. REPowerEU , which includes the following sub-investments:

- *Sub-investment 5a. - Installation of photovoltaic power plants (PPS) and electricity storage facilities to supply internal services installed in NPG CO. Transelectrica S.A. stations (allocation 29.557.000 euro);*
- *Sub-investment 5b. - Upgrading of SMART SA - NPG CO. Transelectrica S.A. subsidiary (allocation 18.240.000 euro);*
- *Sub-investment 5c. - Optimisation of the communication network and creation of a data centre -Teletrans SA, subsidiary of NPG CO. Transelectrica S.A. (allocation 8.440.200 euro).*



Horizon Programme

Company representatives participate in Consortia formed for the development of **TwinEU and SmartTwin projects** funded by the European Union's Horizon Research and Innovation Programme.

The TwinEU (Digital Twin for Europe) project, funded by the Horizon Europe programme, started on 01.01.2024 and will run for 36 months.

- The company is part of the consortium formed to develop this project, - which brings together 71 partners from across Europe, including transmission and system operators, technology companies, universities and research institutes, European associations, solution developers.
- The objective of the project is to increase the efficiency and penetration of smart technologies in electricity grids leading to a truly smart grid. The project results are expected to contribute to the development of new smart grid architectures and their integration into the European digital infrastructure.
- In the first quarter of 2024, the Company received pre-financing in the amount of EUR 65,625, representing 75% of the estimated budget at reimbursement.

The ELECTRON (rEsilient and seLf-healed EleCTRical pOwer Nanogrid) project, funded by the European Union's Horizon 2020 programme, continued its work during the first quarter of 2024.

- The budget allocated to the Company is EUR 245,000 and the amount received so far for its involvement in the project is EUR 145,775. The ELECTRON project will be completed on 30.09.2024.

The CyberSEAS (Cyber Securing Energy data Services) project, funded by the European Union's Horizon 2020 programme, continued its work during the first quarter of 2024.

- The project is carried out within a consortium of 26 partners, the budget allocated to Transelectrica is 217,235 euros.
- The amount received so far by the Company for its involvement in the project is EUR 129,254. The CyberSEAS project will end on 30.09.2024.

Project sheets for funding from the Modernisation Fund

Project sheets have been submitted to the Ministry of Energy for funding through the Modernisation Fund, namely:

- DigiTEL Green pilot project - Retrofitting of the 220/110/20 kV Mostistea station in the concept of a digital station with reduced environmental impact;
- DigiTEL Power Lines of the Future Pilot Project - Optimising OHLs by installing innovative, low environmental impact poles;

In Q1 2024 the contract for DigiTEL Green Pilot Project - Upgrade of 220/110/20 kV Mostistea station was signed

- On 14.12.2023 the decision approving the non-reimbursable financing from the Modernisation Fund - C(2023) 9054 - for the "DigiTEL Green Pilot Project - Refurbishment of the 220/110/20 kV Mostistea station in the concept of a digital station with reduced environmental impact" was published (allocation 48.340.733,89 euro). The financing contract between the Ministry of Energy and NPG CO. Transelectrica SA was signed on 20.02.2024 (C101/20.02.2024).

In Q1 2024 the DigiTEL Power Lines of the Future Pilot Project - OHL Optimisation (allocation 64.068.257,62 euro) was confirmed as a priority investment from the European Investment Bank:

- In February 2024, the project sheet was submitted to the Ministry of Energy for funding from the Modernisation Fund for the above-mentioned project.
- In the first quarter of 2024, the European Investment Bank confirmed that this project is a priority investment and in the second quarter of 2024, the Decision approving the non-reimbursable financing from the Modernization Fund will be published, and the Financing Contract between the Ministry of Energy and NPG CO. Transelectrica S.A. will be signed.

Events

With regard to the **elements, events or uncertainty factors that influenced the activity during Q1 2024**, the following can be mentioned:

- Volatility in the construction and energy materials markets, as well as the current geopolitical context, have led to a dramatic increase in prices,
- Long delays in the approval by the competent institutions of the draft normative acts regulating the transfer of the right of administration, on behalf of the Romanian State, of some land located in the corridor of the overhead power lines that Transelectrica is building.
- Develop collaborative partnerships with EU LTOs by initiating innovative transnational projects in the company's areas of activity, aimed at strengthening human resources through the exchange of experience and best practices.
- **Implementation of related activities (milestones/targets)** after the signing of the Financing Contract **for the implementation of Investment 5.Digitalization, efficiency and modernization of the national electricity transmission grid**, related to REPowerEU.
- The company has resumed the process of obtaining funding through the **European Interconnection Mechanism (CEF) for the CARMEN Project of Common Interest**. To this end, a joint funding application will be submitted by the partners involved in the project (Delgaz Grid S.A., NPG CO. Transelectrica SA and Elektroenergien Sistemen Operator EAD) under the call for projects that will open on 30.04.2024.

Perspectives 2024

As **perspectives for the next period of 2024** are considered as initiatives:

- The approach to grant funding opportunities is twofold
 - *the monitoring process of grant funding opportunities launched by funding authorities at national and European level, which is ongoing,*
 - *identification of funding opportunities that are linked to the company's development priorities and the identified needs to support their implementation.*

THE COMPANY'S FINANCIAL INVESTMENTS

At European level, the energy sector is undergoing a transformation process, with a focus on the transition from a predominantly national model of evolution and development of the energy sector, to a model of integrated and coordinated development at European level, ensuring a unified development at continental level but also allowing for adaptation to national specifications while pursuing the legitimate interests of European states.

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

- **TSCNET**
- **JAO**

TSCNET (TSCNET Services GmbH)

It has been set up to serve Transmission System Operators (TSOs) in the Central-East-West European region (CORE region) for the coordinated implementation of the European network codes. Membership is achieved by participation in the shareholding of TSCNET through a share purchase transaction in the company.

By Resolution No. 9 of the EGMS of 05 June 2018, the Company's affiliation to the CORE Region Security Coordination Centre, TSCNET, was approved by

participating in the share capital with a contribution of EUR 470,500 (1 share - EUR 2,500).

JAO (Joint Allocation Office)

As of 2019, auctions for long-term capacity allocation are coordinated by the JAO, which has been designated as the Single Allocation Platform (SAP) Operator.

Transelectrica has been invited by JAO to become part of its shareholding.

By Resolution no.10 of the EGMS of 20 August 2018, the Company was approved to join the Joint Allocation Office (JAO) shareholding with a cash subscription in the amount of EUR 259,325 and 50 shares were allocated to it.



Significant events

JANUARY - MARCH 2024

- **Contract concluded with the subsidiary OPCOM S.A.**

Taking into account the information included in the Current Report, having as subject "Contract concluded with the subsidiary OPCOM S.A.", disseminated on 21 December 2022 through capital market institutions, pursuant to Article 108 of Law no. 24/2017 in conjunction with Article 2091 of Regulation no. 5/20181, the Company submitted on January 4, 2024 updated information for the year 2024 on the contract that "Transelectrica" S.A. concluded with OPCOM S.A. for the purchase of electricity to cover its own technological consumption requirements (OTC) for the year 2024, through the Centralised Electricity Purchase Mechanism (MACEE) provided for in the Annex to GEO no. 153/2022.

Details of this contract can be found on the Company's website under Investor Relations/Current Reports.

- **OGMS Transelectrica 29 January 2024**

On January 29, 2024, the Company informed that the Ordinary General Meeting of Shareholders had been held by meeting the quorum required, i.e. 72.424% of the Company's share capital, to hold the meeting, during which the information on the purchase of products, services and works, commitments involving significant obligations of the Company with a value exceeding EUR 5,000,000, as well as loans and guarantees for loans with a value below EUR 50,000,000 was noted.

- **Participation in the Romania-Italy Economic Forum**

On February 15, 2024, the company participated, together with 29 other Romanian companies, both public energy companies, including Transgaz, Romgaz, Nuclearelectrica and Electrica, and private companies, in the Romania - Italy Economic Forum, organized in Rome by the Romanian Embassy in Italy, on the occasion of the joint meeting of the Governments of the two countries, an event representative for bilateral relations.

Company representatives present at the forum sessions attended by over 120 Italian companies explored opportunities for collaboration and exchange

of experience with the Italian business environment. Investment, maintenance and system operation were the main areas of interest in the topics discussed with the Italian business environment by the Company's management and technical experts responsible for the three areas.

In this regard, the Company's management had a meeting with representatives of Terna - the Italian Transmission System Operator, where the topics of discussion were related to the strengthening of cooperation between the two ENTSO-E member transmission system operators, with a focus on the exchange of experience in the development of energy infrastructure, interconnections and integration of renewable energy.

- **Modernisation Fund grant contract**

In application of Directive 2003/87/EC of the European Parliament and of the Council, on 20 February 2024, the Company signed with the Ministry of Energy the tenth financing contract from the Modernisation Fund, namely for the implementation of the "DigiTEL Green Pilot Project - Refurbishment of 220/110/20kV Mostistea Station" with a non-reimbursable value of 48 million euros.

The DigiTEL Green pilot project represents an investment effort in line with European energy policies and directives, undertaken by Transelectrica to develop and modernise the energy infrastructure by adopting state-of-the-art technological solutions and equipment that contribute to reducing the environmental footprint.

Included in the ETG Development Plan for the period 2022-2031, the investment in Transelectrica's project portfolio will contribute to the reduction of environmental impact and the transition to a sustainable and efficient energy infrastructure.

- **Resolution No. 1 of the Ordinary General Meeting of Shareholders of February 28, 2024**

The Ordinary General Meeting of Shareholders of the Company held on 28 February 2024 approved the appointment as provisional members of the Supervisory Board of :

- PĂUN Costin-Mihai,
- ATANASIU Teodor,
- VASILESCU Alexandru-Cristian,
- ZEZEANU Luminița,

- DASCĂL Cătălin-Andrei, .
- ORLANDEA Dumitru Virgil,
- RUSU Rareș Stelian,

with a term of office of 4 (four) years from March 1, 2024 until 29.02.2028. It also approved the determination of the remuneration of the members of the Supervisory Board of the Company and the form of the mandate contract to be concluded.

- **Resolution No. 2 of the Ordinary General Meeting of Shareholders of February 28, 2024**

The Ordinary General Meeting of Shareholders of the Company held on 28 February 2024 approved:

- ✓ Establishment of the Investment Programme for the financial year 2024 and estimates for the years 2025 and 2026,
- ✓ The Company's revenue and expenditure budget for 2024 and estimates for 2025 and 2026.

- **400 kV overhead power line - Porțile de Fier - (Anina) - Resita**

The construction project of the 400 kV Porțile de Fier - (Anina) - Reșița Overhead Power Line has been completed and the line will successfully pass the energization test on February 29, 2024.

The total value of the investment project is 150 million lei, the works being carried out by Electromontaj S.A. Bucharest - Romelectro S.A., with subcontractors Emfor Montaj SA, SC Electromontaj SA Sibiu and SC Electromontaj SA Cluj, the line design being carried out by the Institute of Energy Studies and Design Bucharest.

The Porțile de Fier - (Anina) - Reșița 400 kV Overhead Power Line is the most technically complex and difficult line project in Romania in the last 30 years, as its route crosses mostly mountainous, rugged and inaccessible terrain.

The technical complexity and the challenges that the project teams, both of the builders and the Company, encountered in the process of executing the works reflect the extraordinary effort of the specialists who contributed to the completion of this line.

The 400 kV Porțile de Fier - (Anina) - Resita overhead power line will be operationally commissioned upon completion of the construction of the 400 kV Resita station, which is expected in the second half of this year.

At the same time, the new 400 kV Reșița station will allow the operation of the 400 kV Reșița - Pancevo overhead interconnection power line.

The new overhead 400 kV Porțile de Fier - (Anina) - Resita overhead power line has a total length of 117 kilometres and consists of two sections: a new construction of 259 poles (Porțile de Fier - Anina section), with a length of 81.1 kilometres, and the modernisation of an existing line of 142 poles (Anina - Resita section), with a length of 36 kilometres.

- **Acceptance of mandates for SB members**

The Company informed the interested public that the members of the Supervisory Board appointed by the Resolution of the Ordinary General Meeting of Shareholders No. 1 dated 28 February 2024 have signed before the notary public the declaration of acceptance of their mandates, their appointment becoming effective as of 1 March 2024.

- **Appointment of the Chairman and Advisory Committees of the Supervisory Board**

In accordance with its statutory and legal powers, the Supervisory Board decided at its meeting of 4 March 2024 to elect Mr Cătălin-Andrei DASCĂL as Chairman of the Supervisory Board and to appoint the members of the advisory committees of the Supervisory Board as follows:

Nomination and Remuneration Committee:

- VASILESCU Alexandru-Cristian - Chairman
- DASCĂL Cătălin-Andrei
- RUSU Rareș Stelian
- ORLANDEA Dumitru Virgil
- ZEZEANU Luminița.

Audit Committee:

- ZEZEANU Luminița- Chairman
- ATANASIU Teodor
- RUSU Rareș Stelian
- PĂUN Costin-Mihai
- VASILESCU Alexandru-Cristian.

Investment and Energy Security Committee:

- PĂUN Costin-Mihai - Chairman
- DASCĂL Cătălin Andrei
- ZEZEANU Luminița
- ATANASIU Teodor
- ORLANDEA Dumitru Virgil.

Risk Management Committee:

- ATANASIU Teodor - Chairman
- VASILESCU Alexandru-Cristian
- DASCĂL Cătălin-Andrei
- RUSU Rareș Stelian
- ORLANDEA Dumitru Virgil.

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

In accordance with its statutory and legal powers, the Supervisory Board decided at its meeting of 21 March 2024, with reference to the expiry on 24 March 2024 of the terms of office of the provisional members of the Directorate, as follows:

Pursuant to Article III of Law no.187/2023 on the amendment and completion of Government Emergency Ordinance no.109/2011 on corporate governance, the extension for a period of 2 months from 25 March 2024 until 24 May 2024, but not later than the completion of the selection procedure according to the provisions of GEO no.109/2011 if the procedure is completed within this period, of the mandates of provisional members of the Directorate for Mr Ștefăniță MUNTEANU, Mr Cătălin Constantin NADOLU, Mr Florin Cristian TĂTARU and Mr Bogdan TONCESCU. On the same date, in accordance with the provisions of Article 23 para. (1) of the Company's Articles of Association, Mr. Ștefăniță MUNTEANU was elected as Chairman of the Directorate, alternatively called Chief Executive Officer of the National Electricity Transmission Company "Transelectrica" SA.

- **Annual GMS to be held on April 29(30), 2024**

In accordance with the provisions of the Companies Law no. 31/1990, republished, as amended and supplemented, of the Law no. 24/2017 on issuers of financial instruments and market operations, republished, as amended and supplemented, of the A.S.F. Regulation no. 5/2018 on issuers of financial instruments and market operations, as amended and supplemented, and the Company's Articles of Association in force, the Company's Directorate has convened the Ordinary General Meeting of Shareholders on April 29, 2024, for all shareholders registered in the Company's Register of Shareholders at the end of April 19, 2024 (reference date), with the following agenda:

- Presentation of the Annual Report on the economic and financial activity of the Company, in accordance with the provisions of Law no. 24/2017 on issuers of financial instruments and market operations, republished, with subsequent amendments and additions, and ASF Regulation no. 5/2018, with subsequent amendments and additions, for the financial year ending on 31.12.2023;
- Presentation of the Report of the Supervisory Board of NPG CO. "Transelectrica"-S.A. on the management activity for the year 2023;
- Presentation of the Independent Auditor's Reports on the Stand-alone Annual Financial Statements and on

the Consolidated Annual Financial Statements for the financial year 2023;

- Approval of the stand-alone financial statements of NPG CO. "Transelectrica"-S.A. for the financial year 2023;
- Approval of the Consolidated Financial Statements of NPG CO. "Transelectrica"-S.A. for the financial year 2023;
- Approval of the distribution of the accounting profit remaining after deduction of income tax as of 31.12.2023 in the amount of 213,611,306 lei;
- Approval of the gross dividend per share from the retained earnings existing in the balance as at 31.12.2023, in the amount of 0.28 lei;
- Approval of the creation of reserves related to the income from the allocation of transmission capacity on interconnection lines by distribution from the retained earnings representing the surplus from non-taxable revaluation reserves at the change of destination in the amount of 124,558,966 lei;
- Discharge of the members of the Directorate and the members of the Supervisory Board for the financial year 2023;
- Approval of the Remuneration Report for the financial year 2023;
- Presentation of the Report of the Audit Committee and the Risk Management Committee of the Supervisory Board of "Transelectrica"-SA for the year 2023 on the Company's internal control and significant risk management systems;
- Approval of the "Remuneration Policy for Executive and Non-Executive Management of the Company revised to March 2024";
- Information on purchases of products, services and works, commitments involving significant obligations of the Company with a value greater than 5,000,000 euro, as well as loans and guarantees for loans with a value less than 50,000,000 euro;
- Setting June 6, 2024 as the "ex date", the calendar date from which the Company's shares subject to the resolution of the Ordinary General Meeting of Shareholders shall be traded without the rights deriving from that resolution;
- Setting the date of June 7, 2024 as the date of registration of the shareholders on whom the effects of the Resolution of the Ordinary General Meeting of Shareholders will be passed;
- Setting June 27, 2024 as the "payment date" for dividends distributed from retained earnings in the balance as at 31.12.2023.

SUBSEQUENT EVENTS

- **Completion of essential investment for the consolidation and security of the national energy infrastructure in the Dobrogea region**



April 5, 2024 marked the successful completion of an investment of approximately 92 million lei to strengthen energy security in the Dobrogea region, the development of the electricity transmission grid and the national energy system, through the construction of two new 400 kV double circuit connections, with a total length of 55 kilometers, in the 400 kV Medgidia South Electricity Transformer Station, which thus becomes the third major energy node for the evacuation of energy in Dobrogea.

This work made it possible to commission four 400 kV overhead power lines respectively:

- 400 kV Medgidia South - Varna (Bulgaria) interconnection OHL,
- 400 kV Medgidia South - Dobrudja (Bulgaria) interconnection OHL,
- 400 kV Medgidia Sud - Stupina OHL and
- 400 kV Medgidia Sud - Rahman OHL, thus transforming Medgidia Sud Station into an interconnection with the Bulgarian power system.

These four lines resulted from the severing of the former interconnection lines with Bulgaria: 400 kV Stupina - Varna OHL and 400 kV Rahman - Dobrudja OHL respectively.

The execution works were carried out by Electromontaj SA (joint venture leader), ELM Electromontaj Cluj SA and EMFOR Montaj SA as subcontractor, and the implementation of the project in the IT systems was

carried out with the support of Teletrans SA specialists, a subsidiary of Transelectrica, which ensured the modelling and integration of the new lines in the EMS - SCADA system, as well as the communications and data exchanges with the Transmission and System Operator in Bulgaria.

The realisation of this investment project has a significant impact for the Dobrogea area and a particular importance for the Cernavodă Nuclear Power Plant (CNE Cernavodă), making the 400 kV Medgidia South station a particularly important energy hub in this region.

As a result of the implementation of this investment, the distribution of power flows on the lines in the Dobrogea area and on the connections with the rest of the system, including Bulgaria, Moldova and Serbia, will be made more efficient.

Thus, a significant benefit of this work is the reduction of active power losses on 400 kV overhead power lines by about 10 MW under high electricity generation in wind power plants. At the same time, it will increase cross-border capacity on the border with Bulgaria for export by 200 MW to 300 MW and for import by about 100 MW.

- **Contract financed by the NRRP worth EUR 56.2 million**

Further to the information disseminated in the current report sent through the capital market institutions on 11 December 2023, the Company informed the investing public that on April 9, 2024 it signed with the General Secretariat of the Government, as reform and/or investment coordinator for the National Recovery and Resilience Plan (NRRP), the financing contract for the implementation of the investment "Efficiency, modernisation and digitalisation of the national electricity transmission grid", financed by the REPowerEU component of the NRRP in the amount of EUR 56.2 million.

This contract will finance three key investment projects to improve the efficiency and modernization of the electricity transmission grid, two of which are for the subsidiaries SMART SA and Teletrans SA.

The investment aims to install photovoltaic power plants and storage facilities in 29 power stations, to upgrade the SMART SA subsidiary and to optimise the communications network managed by the Teletrans subsidiary and create a data centre.

We remind that the implementation of these projects will significantly contribute to the consolidation of Romania's electricity transmission grid.

The objective of the REPowerEU-funded investment is to increase flexibility and address blockages in the

electricity grid to accelerate the integration of additional renewable energy capacity and increase grid resilience, while strengthening cyber security through better responsiveness to cyber attacks.

- **Completion of the OGMS notice of April 29 (30), 2024**

The Directorate of the Company, in view of the request of the shareholder Romanian State represented by the General Secretariat of the Government, completes on April 12, the agenda of the Ordinary General Meeting of Shareholders to be held on April 29, 2024 with the following items:

- Ratification by the General Meeting of Shareholders of the Decisions of the Supervisory Board for the appointment of provisional members to the Directorate No. 26/25.06.2021, No. 49/22.12.2021, No. 50/22.12.2021, No. 51/22.12.2021, No 52/22.12.2021, No 53/22.12.2021, No 13/23.03.2022, No 18/21.06.2022, No 43/14.10.2022, No 53/19.12.2022, No 15/19.04.2023, No 24/20.06.2023, No 39/24.10.2023 and No 11/21.03.2024;

- Setting the general limits of the remuneration and other benefits to be granted by Transelectrica to the provisional members of the Directorate, including the fixed indemnity and other benefits granted to them.

- **Inauguration of the overhead 400kv Porțile de Fier-Anina-Reșița power line**



On April 16, 2024, in the presence of government and local officials, the Company inaugurated the 400 kV Porțile de Fier - (Anina) - Reșița Overhead Power Line in a ceremony at the Porțile de Fier Transformer Station.

In conjunction with the construction of the new 400 kV Reșița station, the 400 kV Porțile de Fier - (Anina) - Reșița OHL will contribute to the consolidation of the energy sector in the Banat region and will facilitate the increase of the interconnection capacity with the

ENTSO-E grid by 600 MW, to the benefit of the users connected to the grid.

- **OGMS Resolution No 3 of April 29, 2024**

The Ordinary General Meeting of Shareholders of the Company held on April 29, 2024 approved:

- The Company's stand-alone financial statements for the fiscal year 2023,
- Consolidated financial statements of the Company for the financial year 2023
- Allocation of the accounting profit remaining after deduction of income tax as of 31.12.2023 in the amount of 213,611,306 lei,
- Distribution of gross dividend per share from the retained earnings in the balance as at 31.12.2023, in the amount of 0.28 lei,
- Creation of reserves related to the income from the allocation of transmission capacity on interconnection lines by distribution from the retained earnings representing the surplus realized from non-taxable revaluation reserves at the change of destination in the amount of 124,558,966 lei,
- Discharge of the members of the Directorate and the members of the Supervisory Board for the financial year 2023,
- Remuneration report for the financial year 2023,
- Remuneration policy for executive and non-executive directors of the Company revised to March 2024,
- Ratification of Supervisory Board Decisions for the appointment of provisional members to the Directorate no. 26/25.06.2021, no. 49/22.12.2021, no.50/22.12.2021,no.52/22.12.2021,No.53/22.12.2021, No.13/23.03.2022,No.18/21.06.2022,No.43/14.10.2022,No.53/19.12.2022,No.15/19.04.2023,No.24/20.06.2023, No. 39/24.10.2023 and No. 11/21.03.2024,
- setting the general limits of the remuneration and other benefits to be granted by Transelectrica S.A. to the provisional members of the Directorate, including the fixed indemnity and other benefits granted to them,
- setting June 6, 2024 as the "ex date", the calendar date from which the Company's shares subject to the resolution of the Ordinary General Meeting of Shareholders shall be traded without the rights deriving from that resolution,
- setting the date of June 7, 2024 as the date of registration of the shareholders on whom the effects of the Resolution of the Ordinary General Meeting of Shareholders will be passed,
- setting June 2024 27, as the "payment date" for dividends distributed from retained earnings existing in the balance at 31.12.2023.



Other aspects

OWNERSHIP STRUCTURE

The Company's shareholding structure as of 31.03.2024 is as follows:

| Shareholder name | No. Of shares | Weight in total |
|-------------------------------------|-------------------|-----------------|
| The Romanian State through the SGG | 43,020,309 | 58.7% |
| PAVĂL Holding | 4,753,567 | 6.5% |
| NN Private Managed Pension Fund | 4,007,688 | 5.5% |
| Other shareholders - legal entities | 16,324,012 | 22.3% |
| Other shareholders - individuals | 5,197,566 | 7.9% |
| Total | 73.303.142 | 100% |

COMPOSITION OF THE DIRECTORATE

At the date of this report the composition of the Directorate is as follows:

| | |
|---------------------------|-----------------------------|
| Ștefăniță MUNTEANU | Chairman of the Directorate |
| Cătălin-Constantin NADOLU | Directorate Member |
| Bogdan TONCESCU | Directorate Member |
| Florin-Cristian TĂTARU | Directorate Member |

TARIFFS

In accordance with the provisions of *the Methodology for setting tariffs for the electricity transmission service*, approved by the Order of the President of ANRE no.171/2019, as amended and supplemented, the *Government Emergency Ordinance no.27/2022 on the measures applicable to end customers in the electricity and natural gas market for the period from 1 April 2022*

to 31 March 2023, the *Methodology for setting the tariff for the purchase of system services*, approved by Order of the President of ANRE No.116/2022 and for amending and supplementing certain regulatory acts in the field of energy, the transmission tariff and the tariff for the purchase of system services applied in 2024 from 1 January were set.

Transmission tariff applied in the first quarter of 2024

By Order of the President of ANRE no.109/2023, the average tariff for the transmission service, the transmission tariff components for feeding electricity into the grid (T_Gp) and for withdrawing electricity from the grid (T_L), the tariff for

system service and the regulated price for reactive electricity, charged by NPG CO. Transelectrica S.A., valid from 1 January 2024, as shown in the table below:

| Electricity transmission | u.m. | Tariff in force from 1 January 2024 | Main component - in force from 1 January 2024 | Additional cost component of OTC - effective from 01 January 2024 | Tariff applied from 1 April to 31 December 2023 | Main component - from 1 April to 31 December 2023 | Additional cost component of OTC - from 1 April to 31 December 2023 | Difference (%) |
|---|---------|-------------------------------------|---|---|---|---|---|----------------|
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9)=(3)/(6) |
| Average tariff | Lei/MWh | 31.67 | 30.41 | 1.26 | 31.20 | 28.61 | 2.59 | 1.51% |
| TGp (main network injection subcomponent) | Lei/MWh | 3.82 | 3.35 | 0.47 | 4.04 | 3.35 | 0.69 | -5.45% |
| TL (network extraction component) | Lei/MWh | 27.72 | 26.94 | 0.78 | 27.44 | 25.50 | 1.94 | 1.02% |

The main elements leading to the increase of the tariff applied from January 1, 2024 are:

- The downward trend in consumption and the effect of inflation.

TGT sub-component on OTC related to additional electricity transits from 110 kV electricity networks

By Order of the President of ANRE no.109/2023, the TGT sub-component on the OTC related to the additional electricity transits from 110 kV electricity networks, corresponding to the quota allocated to electricity producers owning power plants with

installed capacity greater than 5 MW and introducing electricity into the grid area of the concessionary distribution operator, valid from January 1, 2024, was approved, as shown in the table below:

| Economic operator | Activity ¹⁾ | Tariff from January 1, 2024 (lei/MWh), of which: |
|---|--|--|
| National Power Transmission Company "Transelectrica" - S.A. | TGT sub-component on OTC related to additional electricity transits from 110 kV electricity networks, corresponding to the quota allocated to electricity producers owning power plants with an installed capacity of more than 5 MW and introducing electricity into the grid area of the concessionary distribution operator Distribuție Energie Oltenia S.A. | 2,53 |
| | TGT sub-component concerning the OTC related to additional electricity transits from 110 kV electricity networks, corresponding to the quota allocated to electricity producers owning power plants with an installed capacity of more than 5 MW and introducing electricity into the network area of the concessionary distribution operator Retele Electrică Dobrogea S.A. (former name E - Distribuție Dobrogea S.A.) | 3,95 |

(i) Under the applicable regulatory framework, the costs of OTC caused by additional transits of energy in the networks of the distribution system operators under concession at the voltage level of 110 kV shall be recovered by the distribution system operators under concession from the transmission system operator and from the power generators through the transmission system operator in shares established in proportion to the quantities of electricity injected into the distribution system by the transmission system operator and by the power generators owning and operating plants connected to the respective distribution systems.

The transmission system operator pays to the distribution system operators both its own share (considered as transmission cost) and the producers' share (for which the transmission system operator mediates the cash flow between the producers and the distribution system operators). The transmission system operator recovers the amounts paid to the distribution system operators corresponding to the producers' share from producers owning plants with an installed capacity of more than 5 MW connected to the respective distribution networks by applying the newly introduced sub-component of the transmission injection tariff structure, i.e. the TGT.

II) Tariff for the purchase of system services applied in the first quarter of 2024

By Order of the President of ANRE no.116/2023, the tariff for the purchase of system services charged by

NPG CO. Transelectrica SA was approved, valid as of January 1, 2024, according to the table below:

| System service | u.m. | Tariff in force from January 1, 2024 | Tariff applied from 1 June to 31 December 2023 | Difference (%) |
|----------------|---------|--------------------------------------|--|----------------|
| (1) | (2) | (3) | (4) | (5)=(3)/(4) |
| Average tariff | Lei/MWh | 9.17 | 6.64 | 38 1% |

The main elements leading to the increase of the tariff applied from January 1, 2024 are:

- Increased cost of purchasing system services;
- Decrease in negative correction;
- Decrease in tariffable quantity.

DISPUTES

The most important litigations impacting the Company are presented below:

Note: For ease of reading and understanding, all amounts in this chapter are expressed in lei/eur.

• RAAN

The subject matter of the file No **9089/101/2013/a140** is an action for claims/contestation against the supplementary schedule of claims against the debtor RAAN.

Comments: Following the partial entry of the total amount requested by Transelectrica in the amount of 89,360,986.06 lei and the address no. 4162/03.10.2016, by which the judicial liquidator communicates that only the amount of 11,264,777.30 lei has been entered in the supplementary table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 lei has been rejected, an objection to the supplementary table of claims has been filed within the legal term.

At the hearing on 14.02.2019, it was ordered that case no. **9089/101/2013/a152** be joined to case no. 9089/101/2013/a140 (**concerning claims - request for payment**).

Decision Judgment 163/20.06.2019: Admit the plea of revocation. Partly upholds the main action and the related appeal. Orders the defendant to pay the claimant the amount of 16,950,117.14 lei, a claim arising in the course of the proceedings, and orders that it be entered in the creditors' list set up against the debtor RAAN for that amount. Dismisses the remainder of the related claims.

Transelectrica appealed within the legal time limit. The appeal was dismissed as unfounded. Transelectrica has filed an application for review on the grounds of inconsistency of judgments, which is registered under no. 1711/54/2019 and will be heard by the High Court of Cassation and Justice. The objections of untimeliness and inadmissibility were raised. The solution of the Court of First Instance: the objection of lateness of the application for review is upheld. The next hearing set is 06.10.2022.

At the hearing of 06.10.2022, a term was granted for the continuation of the proceedings, i.e. for the valuation of the assets, the collection of the claims and the performance of the other liquidation operations and the following hearings were set for 09.02.2023, 15.06.2023, 05.10.2023, 18.01.2024, 08.02.2024 rescheduled for **06.06.2024**.

There are also other cases between RAAN and Transelectrica at various stages of the proceedings.

RAAN's actions against NPG CO. Transelectrica SA arising from contract No C137/08.04.2011.

*File no. **3694/3/2016** - Claims 15.698.721,88 lei. Trial date 08.11.2021: the case has been adjourned until the final settlement of Cases No 26024/3/2015 and No 28458/3/2017. Decision of 09.05.2022: Rejects the application to resume the case as unfounded. With appeal for the duration of the stay. Trial date set for **03.06.2024**.*

*File No **26024/3/2015** - Re: order the defendant to pay the amount of RON 10 048 628,86. ICCJ decision of 01.03.2022: Admit the appeal lodged by RAAN and refer the case back to the CAB. Definitive. Decision of the CAB: Appeal admitted. Reverses the judgment under appeal in its entirety in the sense that: admits the writ of summons as formulated. Orders the defendant to pay the claimant the sum of 10,048,628.86 lei. With a right of appeal within 30 days of notification. Judgment 1933/12.12.2022*

*File No **28458/3/2017** - Subject-matter of the case: order the defendant to pay a total of RON 2 106 843. At the hearing on 03.03.2022: Dismisses as unfounded the appeal brought by the defendant-appellant Transelectrica against civil decision no. 825/12.05.2021 delivered by the Bucharest Court of Appeal, in contradiction with the appellee-claimant RAAN. Final.*

*File No **28460/3/2017** - Re: order the defendant to pay a total of RON 12,346,063. Decision CAB 27.09.2021: suspends the appeal proceedings until the final settlement of cases no.28458/3/2017, no.26024/3/2015. Decision of 23.05.2022: Rejects as unfounded the request to reopen the case. The appeal is stayed. Trial date set for **20.05.2024**.*

• CET Govora

Case no. 2428/2/2014 - in the appeal which is the subject of the writ of summons, the claimant CET Govora requested the annulment of the Decision of the President of ANRE no. 738/28.03.2014, and in the statement filed on 29.10.2014 requested that, if the appeal is upheld, the sums of money withheld by the administrator of the support scheme, NPG CO. Transelectrica SA, in the execution of the overcompensation decision, for the recovery of the sum of 53,742,755 lei, be ordered to be refunded.

By the Notes of the hearing registered in the file on 13.10.2021 and 04.01.2022 respectively, the Plaintiff CET Govora SA requests the admission of the request

for clarification of the action filed for the hearing of 29.10.2014, indicating that the amount extinguished by offsetting the mutual claims between CET Govora SA and NPG CO. Transelectrica SA is 40,507,668.67 lei.

Transelectrica was brought into the case, as a forced intervener, by the Court Order of 18.10.2021.

By the application for ancillary intervention in the interest of CET Govora SA, the County of Valcea - County Council of Valcea requests the admission of the action brought by CET Govora and the annulment of the Decision of the President of ANRE no. 738/28.03.2014, considering that it is unjustified, being an unlawful act. Decision of 16.05.2022: Dismiss the application as amended as unfounded. Dismisses the application for ancillary relief in favour of the claimant as unfounded..

• MUNICIPALITY OF REȘIȚA

Case no. **2494/115/2018****, registered on the docket of the Court of Caras Severin.

Subject-matter of the case: By the writ of summons, the claimant, Municipiul Reșița, requests that the defendant Transelectrica SA be ordered to pay the following amounts: RON 2 129 765,86, representing the rent for the area of land temporarily occupied from the forestry fund for 2015; RON 2 129 765,86, representing the rent for the land for 2016; RON 2 129 765,86, representing the rent for the land for 2018; statutory penalty interest from the due date until actual payment.

Decision of the CS Tribunal: suspends the proceedings on the writ of summons brought by the claimant, the Municipality of Reșița, through the Mayor, against the defendant Transelectrica, concerning claims under Article 413(1)(1) of the Civil Procedure Code. With an appeal to the superior court while the proceedings are suspended. Document: Order - Suspension 22.03.2021.

The case has been adjourned until the final resolution of case no. 3154/115/2018* of the Court of Caras Severin.

At the hearing on 02.03.2023, the proceedings were suspended on the application brought by the plaintiff Municipality of Reșița against the defendant Transelectrica, concerning claims. With a right of appeal for the duration of the stay of proceedings.

At the hearing of 22.02.2024, the court adjourns the case to 14.03.2024 and subsequently, to **06.06.2024**, in order to return the file no. 2494/115/2018**, submitted for appeal to the Court of Appeal Timisoara, for when the parties have a term of notice under Article 229 of the Code of Civil Procedure, in the presence of their representatives.

• ANAF

File No 8993/299/2018 in which the Company challenged the enforcement of the enforceable title No 13540/22.08.2017, which is based on Tax Decision No F-MC 439/30.06.2017 issued by ANAF - General Directorate for the Administration of Large Taxpayers

Summary judgment: Grant the appellant's writ of summons for a stay of proceedings. Pursuant to Article 413 para. (1) para. 1 of the Civil Procedure Code, suspends the proceedings until the final resolution of the **casefile no. 1802/2/2018**, pending before the Bucharest Court of Appeal, Administrative and Fiscal Disputes Section VIII. With appeal for the entire duration of the suspension, the appeal to be filed at the District 1 Court of Bucharest. Delivered in open court. Document: Decision - Suspension 17.04.2018.

File No 1802/2/2018 - At the hearing on 20.10.2020 - summary judgment: the applications were upheld in part.

Annulled in part Decision No 122/13.03.2018 on the resolution of the appeal against Tax Decision No F-MC 439/30.06.2017 issued by ANAF - General Directorate for the Settlement of Appeals and on 12.07.2017 by ANAF - General Directorate for the Administration of Large Taxpayers, as well as the Tax Inspection Report No F-MC 222 concluded on 30.06.2017, which was the basis for the issuance of the tax decision, to the effect that:

- ✓ cancels the obligation to pay corporation tax in the amount of 18,522,280 lei, VAT in the amount of 5,694,636 lei and the related tax accessories in the amount of 48,436,653 lei, tax obligations established for the 349 special tax invoices found to be missing from the applicant's management.
- ✓ removes the non-deductible character in the calculation of the taxable profit of the amount of 27,001,727 lei, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims related to this amount.
- ✓ removes the non-deductibility of the amount of 343,629.91 lei representing 'weed removal services' from the calculation of taxable profit and the obligation to pay the main and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible character for the calculation of taxable profit of the amount of 230,685.491 lei, representing the expenses for promotional and protocol products and the obligation to pay the main and accessory tax claims related to this amount.

- ✓ removes the non-deductible nature of the VAT in the amount of 46,417.1 lei, relating to the amount of 343,629.91 lei, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in relation to this amount.
- ✓ removes the non-deductible nature of the VAT in the amount of 37,693.88 lei relating to the amount of 230,685.49 lei, representing expenses on promotional and protocol products and the obligation to pay the principal and accessory tax claims in relation to that amount.
- ✓ removes the mention regarding the obligation of the Sibiu Transmission Branch of NPG CO. Transelectrica S.A. to record the amount of 576,846.80 lei as taxable income, no later than 30.06.2010, the date on which the audited unit was accepted as a creditor with this amount, the mention regarding the character of taxable income for the calculation of profit of the amount of 576,846.80 in accordance with the provisions of Article 19 para. 1 of Law no. 571/2003 on the Fiscal Code with subsequent amendments and additions, in conjunction with point 23 letter d of GD 44/2004 containing the Methodological Norms for the application of Law no. 571/2003, the chapter on income tax, respectively Chapter VII on the function of accounts of Order no. 3055 of 29 October 2009 approving the Accounting Regulations in accordance with European directives and the obligation to pay the main and accessory tax claims in relation to this amount.
- ✓ removes from the minutes the finding made with regard to the "determination of deductible value added tax lower than that recorded by the applicant, thus resulting in a difference in the amount of 13,141 lei" (Annex No 15) and the obligation to pay the principal and accessory tax claims in relation to this amount.
- ✓ abolishes the obligation to pay penalties for late payment which have a penal legal status, calculated for a period of more than 6 months from the date of commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as determined by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by ANAF - DGAMC, Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - DGAMC and by Decision No. 122/13.03.2018, on the settlement of the appeal lodged against Tax Decision No. F-MC 439/30.06.2017, issued by ANAF - Directorate General for Dispute Resolution.

The other provisions of Decision No 122/13.03.2018 on the settlement of the appeal against Tax Decision No F-

MC 439/30.06.2017 are maintained. The remainder of the claims are rejected as unfounded.

Dismisses as unfounded the application for an order that the costs of the proceedings be paid in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the applicant's costs in the sum of 4 000 lei, representing the fee for the expert's report in the accounting and tax field, in proportion to the admissibility of the application.

Transelectrica and ANAF filed an appeal in March 2022. **Decision of 24.05.2022:** Rejects as unfounded the request for clarification and supplementing of the operative part. Admit the application for rectification of the material error in that the amounts of money by way of principal and accessory tax liabilities in respect of the 349 tax invoices, as set out in the contested tax decision, are to be mentioned as correct. Orders that the material error be corrected by removing the incorrect name of the applicant from the contested judgment.

The parties appealed. ICCJ hearing: **13.12.2023.**

On 13.12.2023, the ICCJ stayed its ruling, on 20.12.2023 the court admitted the appeals filed by the plaintiff Transelectrica, the defendant General Directorate for the Administration of Large Taxpayers and the defendant National Agency for Tax Administration against the civil judgment no.382 of 20 October 2020, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Section VIII. Partially set aside the judgment under appeal and, on appeal: dismissed the application for annulment of the decision on the resolution of appeal No 122/13.03.2018 and of the Tax Decision No. F-MC 439/30.06.2017 with regard to: - the non-deductibility of expenses in the amount of 343,629.91 lei, representing "weed removal services" and related VAT; - the non-deductibility of expenses in the amount of 230.685, representing the value of goods of a promotional and protocol nature and the related VAT; - the obligation to pay penalties for late payment which have a penalty legal regime, calculated for a period of more than 6 months from the date of commencement of the tax inspection. Fixed the amount of the costs to which the defendants were jointly and severally liable at the sum of 6,000 lei, representing the fee for the expert's report in the field of accounting and taxation. Upheld the other provisions of civil judgment no. 382 of 20 October 2020. Upheld the appeals filed by the plaintiff Transelectrica and the defendant General Directorate for the Administration of Large Taxpayers against civil judgment no. 134 of 24 May 2022, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Section VIII. Partially quashed civil judgment No 134 of 24 May 2022 and, on

remittal: granted in part the application for clarification and supplement to the operative part of civil judgment No 382 of 20 October 2020, brought by the applicant Transelectrica. It ordered to supplement the operative part of the civil judgment no.382 of 20 October 2020 with the following: - annulled also the Tax Inspection Report no. . F-MC 222/30.06.2017 insofar as the Tax Decision no. F-MC 439/30.06.2017 was annulled; - annulled the main tax obligations established for 2005 and the related accessory obligations, as the right of the tax body to establish such obligations was time-barred; - annulled the tax administrative acts regarding the non-deductibility of the expenses with the benefit share of SMART. Removed the references to the amounts of corporation tax and ancillary charges annulled in respect of the 349 tax invoices from both the judgment correcting the material error and the main judgment. Upheld the other provisions of civil judgment No 134 of 24 May 2022. ordered the appellants - defendants to pay to the appellant - plaintiff Transelectrica the sum of 200 lei in respect of the costs of the appeal. Final. Judgment 6169/20.12.2023.

- **CONAID COMPANY SRL**

The subject matter of the file no. 36755/3/2018 is the finding of unjustified refusal to conclude an Addenda to the connection contract RET C154/2012 and claims in the amount of 17.216.093,43 lei, the damage suffered and 100.000 euro, the countervalue of the estimated unrealized benefit.

At the hearing of **03.01.2024** TMB admits the exception of the statute of limitation, invoked by the statement of defence. Dismisses the claim as time-barred. With appeal within 30 days from the communication. Decision 4/2024

- **OPCOM**

Case No **22567/3/2019** - Subject-matter of the case: action for damages at common law.

Order the defendant OPCOM SA to pay the amount of 4,517,460 lei, related to the invoice series TEL 16 AAA no. 19533/29.07.2016, representing the VAT countervalue, related to the contribution made by NPG CO. Transelectrica SA to the share capital of OPCOM SA, issued on the basis of the Loan Agreement no. 7181RO/2003, commitment for the financing of the investment project "Electricity Market Project".

Order the defendant OPCOM SA to pay the amount of 1.293.778,27 lei related to the invoices TEL 19 T00 no.17/28.01.2019 and TEL 19 T00 no. 131/10.07.2019 representing the legal penalty interest, calculated for non-payment on time of the invoice series TEL 16 AAA no. 19533/29.07.2016.

Suspends the proceedings until the final resolution of the case 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final).

The TMB's decision Admits the plea of limitation. Dismiss the action as time-barred. With right of appeal within 30 days of communication, to be filed with the Bucharest Court, Civil Section VI. Pronounced by making the decision available to the parties through the court registry. Document: Decision 3021/03.12.2021. To date the judgment in this case has not been written. After the drafting and communication of Civil Judgment No. 3021/ 03.12.2021, the Company will be able to appeal against this judgment. Transelectrica has filed an appeal.

Decision of the CAB according to Decision no.1532/12.10.2022: Dismiss the appeal as unfounded. Orders the appellant to pay the respondent the sum of 11,325.21 lei by way of costs. With appeal within 30 days from the communication. Transelectrica has appealed against Civil Decision No 1532/12.10.2022 of the CAB. . On 19.09.2023 at the ICCJ the appeal was admitted, the decision 1532/12.10.2022 was annulled and the case was sent for a new trial to the same court. Final. Decision 1640/19.09.2023.

File no. **24242/3/2021** - Bucharest Court, Civil Division VI - Re: The applicant OPCOM requests a declaration of nullity of the deed - contribution in kind.

On **07.11.2023** TMB solution in brief: the objection of inadmissibility was qualified as a substantive defence. The claim was dismissed as unfounded. With a right to appeal within 30 days of communication to the parties, Decision 2600/07.11.2023.

- **GRAND VOLTAGE**

File no.**17976/3/2021**, registered before the Bucharest Court of First Instance, concerning an application for a writ of summons, by which the claimant Grand Voltage seeks an order that the defendant NPG CO. Transelectrica SA pay compensation for the damage caused to the undersigned in the amount of EUR 6 125.822,13 lei as a result of the culpable non-fulfilment of the obligations related to the Works Contract no. C 111/23.05.2018 concerning the "Connection of the 100kV Isaccea -Varna OHL and the 400 kV Isaccea-Dobrujda OHL to the 400 kV Medgidia Sud Stage II-OHL 400kV d.c. Connections Medgidia Sud Station".

Decision of 25.07.2022 in accordance with Decision 1812: dismiss the action as unfounded. With right of appeal within 10 days of notification. The application for

appeal shall be submitted to the Bucharest Court - Section VI, under penalty of nullity. The judgment is not redacted.

• COURT OF ACCOUNTS

- The subject matter of the file No **1658/2/2014** is 'Annulment of control acts' - Decision No 7/20.02.2014 issued by the Court of Accounts.

At the hearing of 13.06.2018, the action of the claimant-Transelectrica SA is partially admitted. Annuls in part the decision no. 7/20.02.2014, the decision no. 37/9.12.2013 and the inspection report no. 35521/6.11.2012 issued by the defendant with regard to the measures ordered by the decision referred to above in paragraph. 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 at 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 at points I.1, I.6, I.8 and I.11. II.13 in the sense of removing the phrase "including those found for invoices issued by SC FLOREA ADMINSTRARE IMOBILIARĂ SRL". Dismisses the remainder of the applicant's action as unfounded. Approves the electro-energetic technical expertise report drawn up by expert Toaxen Vasile.

Orders the defendant to pay to the claimant the sum of 121,375 lei in costs (part of the expert's fees and stamp duty). With right of appeal within 15 days of notification. Document: decision 2771/13.06.2018. Transelectrica filed the appeal on 14.06.2019.

At the public hearing of 21.10.2020, dismisses the appeals brought by the claimant and the defendant against judgment No 2771 of 13 June 2018 of the Administrative and Fiscal Jurisdiction Chamber of the Supreme Administrative Court (CAB) - Eighth Section - as unfounded. Definitive.

➤ Appeal against Decision CCR No 8/27.06.2017

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The Company filed several appeals against the measures ordered by the Court of Accounts of Romania (CoA) by Decision no. 8/27.06.2017, requesting their annulment, as well as the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals have been filed with the Bucharest Court of Appeal, among which **the file no.6581/2/2017** concerning the annulment of the findings in point 6 as well as the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes of 29.03.2023, the case no. 6581/2/2017 was versioned in the 12th Administrative and Fiscal Litigation Division of the VIII Administrative and Fiscal Litigation Division under no. **6581/2/2017*** Summary

solution: In order to give the parties the opportunity to submit written conclusions and to deliberate, postpone the judgment to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on 26.05.2023, the writ of summons was admitted. Annulled in part Decision No 77/03.08.2017, in so far as it rejected point 6 of Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 in so far as it rejected the findings in point 6 and the measure ordered in point 11.9, and Inspection Report No. 19211/26.05.2017 in respect of the findings in point 3.2. Orders the defendant to pay the claimant's costs in the total amount of 10,450 lei, representing the court stamp duty and the court expert's fee. With an appeal within 15 days of service. Judgment 920/2023 26.05.2023

The remaining cases have been definitively settled, with the Bucharest Court of Appeal dismissing the request for annulment and the High Court of Cassation and Justice dismissing the appeals (**case no.6574/2/2017** concerning the annulment of the findings in point 5.2 and the measure ordered in point II.8, **file no.6576/2/2017** on the annulment of the findings in points 7.1, 7.2 and 8 as well as the measure ordered in point II.10, which became new file no. **2985/1/2021**, in which on 24.11.2022 the ICCJ declared null and void the appeal filed by the Company, final, **file no.6577/2/2017** on the annulment of the findings in point 13 and the measure ordered in point II.13, now **file no.1614/1/2020**, **file no.6578/2/2017**, on the annulment of the findings in point 9 and the measure ordered in point II.11, **file no.6580/2/2017** on the annulment of the findings in paragraph 10 and the measure ordered in paragraph II.12, **case No 6582/2/2017** on the annulment of the findings in paragraph 11 and the measure ordered in paragraph I.5 and **case No 6583/2/2017** on the annulment of the findings in paragraph 5.1 and the measure ordered in paragraphs II.7 and II.8).

- The subject matter of the file **No 2153/2/2021** is the annulment of the administrative act issued as a result of the control carried out by the JRC in January-July 2020, which ordered 10 measures to be implemented by the Company contained in Decision No 15/2020.

At the hearing on 10.12.2021, the CAB rejects the Company's application for a writ of summons. Transelectrica filed an appeal rejected as unfounded on 07.03.2024. Final decision no.1319/2024.

- OTHERS

The company is involved in significant litigation, in particular for debt recovery (e.g.: Total Electric Oltenia SA, Regie Autonome for Nuclear Activities, Romenergy Industry SRL, Energy Holding SRL, UGM Energy

Trading SRL, CET Iași, CET Bacău, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL and others).

The Company recorded adjustments for impairment losses for customers and other receivables in dispute and for customers in bankruptcy.

At the same time, the Company is also involved in disputes with former members of the Directorate and Supervisory Boards regarding the mandate contracts concluded between the Company and such members. For these disputes, the Company has set up a provision.



Annexes

ANNEX 1: Stand-alone statement of financial position

| [mil RON] | Q1 2024 | 2023 | Δ | Δ (%) |
|--|--------------|--------------|--------------|-------------|
| | 1 | 2 | 3=1-2 | 4=1/2 |
| ASSETS | | | | |
| Fixed assets | | | | |
| Tangible assets | 5,427 | 5,416 | 11 | - |
| Fixed assets related to rights of use of leased assets - buildings | 12 | 14 | (2) | (14%) |
| Intangible assets | 281 | 282 | (2) | (1%) |
| Financial assets | 86 | 86 | - | n/a |
| Total assets | 5,805 | 5,798 | 7 | n/a |
| Current assets | | | | |
| Inventories | 54 | 51 | 2 | 5% |
| Trade and other receivables | 2,134 | 2,116 | 18 | 1% |
| Cash and cash equivalents | 463 | 519 | (57) | (11%) |
| Total current assets | 2,650 | 2,686 | (36) | (1%) |
| Total assets | 8,455 | 8,484 | (29) | n/a |
| SHAREHOLDER'S EQUITY AND LIABILITIES | | | | |
| Shareholder's Equity | | | | |
| Share capital, of which | 733 | 733 | - | - |
| <i>Subscribed share capital</i> | 733 | 733 | - | - |
| Share premium | 50 | 50 | - | - |
| Legal reserves | 147 | 147 | - | - |
| Revaluation reserves | 1,603 | 1,635 | (32) | (2%) |
| Other reserves | 216 | 196 | 20 | 10% |
| Retained earnings | 2,566 | 2,430 | 135 | 6% |
| Total Shareholder's Equity | 5,314 | 5,190 | 124 | 2% |
| Non-current liabilities | | | | |
| Long term deferred revenues | 507 | 519 | (12) | (2%) |
| Long term borrowings | 26 | 32 | (6) | (19%) |
| Other loans and assimilated debts - Non-current building lease liabilities | 4 | 6 | (2) | (33%) |
| Deferred tax liability | 288 | 285 | 3 | 1% |
| Employee benefits liabilities | 75 | 75 | - | n/a |
| Total Non-current liabilities | 901 | 918 | (17) | (2%) |
| Current liabilities | | | | |
| Trade and other liabilities | 2,040 | 2,242 | (202) | (9%) |
| Other loans and assimilated debts - Current building lease liabilities | 9 | 9 | - | n/a |
| Other tax and social security liabilities | 14 | 19 | (5) | (25%) |
| Short-term borrowings | 73 | 25 | 49 | n/a |
| Provisions | 63 | 65 | (2) | (3%) |
| Short-term deferred revenues | 20 | 16 | 4 | 23% |
| Tax on profit to be paid | 21.4 | - | 21 | n/a |
| Total current liabilities | 2,240 | 2,376 | (135) | (6%) |
| Total liabilities | 3,141 | 3,294 | (153) | (5%) |
| Total Shareholder's Equity and Liabilities | 8,455 | 8,484 | (29) | n/a |

ANNEX 2: Stand-alone profit and loss account

| [mil RON] | | | | | | | | | | |
|----------------------------------|----------------|----------------|----------------|----------------|------------------|-----------------------|---------------------------|---------------------------|-------------------------------|--|
| Indicator | 2022 | Q1 2023 | 2023 | Q1 2024 | Budgeted Q1 2024 | Achieved 2024 vs 2023 | Achieved 2024 vs 2023 (%) | Achieved vs Budgeted 2024 | Achieved vs Budgeted 2024 (%) | |
| 0 | 1 | 2 | 3 | 4 | 5 | 6=4-2 | 7=4/2 | 8=4-5 | 9=4/5 | |
| Operating revenues | | | | | | | | | | |
| Transmission revenues | 1,885 | 487 | 1,956 | 503 | 518 | 16 | 3% | (15) | (3%) | |
| System services revenues | 534 | 101 | 391 | 127 | 119 | 26 | 26% | 8 | 6% | |
| Balancing market revenues | 3,479 | 508 | 2,269 | 1,332 | 683 | 824 | 162% | 649 | 95% | |
| Other revenues | 389 | 12 | 102 | 26 | 20 | 14 | 115% | 6 | 30% | |
| Total operating revenues | 6,286 | 1,108 | 4,718 | 1,988 | 1,341 | 880 | 79% | 648 | 48% | |
| Operating expenses | | | | | | | | | | |
| System operating expenses | (902) | (171) | (640) | (169) | (184) | 3 | 2% | 16 | 8% | |
| Balancing market expenses | (3,480) | (508) | (2,269) | (1,332) | (706) | (824) | (162%) | (627) | (89%) | |
| System services expenses | (467) | (110) | (499) | (105) | (138) | 4 | 4% | 33 | 24% | |
| Depreciation and Amortisation | (272) | (82) | (334) | (85) | (87) | (3) | (3%) | 2 | 2% | |
| Personnel expenses | (306) | (75) | (348) | (87) | (85) | (13) | (17%) | (3) | (3%) | |
| Repairs and maintenance expenses | (108) | (19) | (115) | (24) | (29) | (5) | (27%) | 6 | 19% | |
| Materials and consumables | (13) | (2) | (8) | (2) | (3) | 0 | 15% | 1 | 42% | |
| Other operating expenses | (145) | (46) | (270) | (57) | (67) | (11) | (23%) | 10 | 15% | |
| Total operating expenses | (5,692) | (1,012) | (4,484) | (1,861) | (1,298) | (849) | (84%) | (563) | (43%) | |
| Operating profit | 594 | 96 | 234 | 127 | 42 | 32 | 33% | 85 | 201% | |
| Financial revenues | 65 | 17 | 36 | 2 | 9 | (15) | (87%) | (7) | (76%) | |
| Financial expenses | (72) | (16) | (36) | (2) | (9) | 13 | 85% | 6 | 74% | |
| Net financial result | (7) | 1 | 0.3 | (0.1) | 1 | (1) | (106%) | (1) | (115%) | |
| Profit before income tax | 587 | 97 | 234 | 127 | 43 | 30 | 31% | 84 | 197% | |
| Income tax | (73) | (17) | (21) | (24) | (3) | (7) | (42%) | (20) | n/a | |
| Net profit | 515 | 80 | 214 | 103 | 39 | 23 | 29% | 64 | 163% | |

ANNEX 3: Stand-alone cash flow statement

| [Mil RON] | Q1 2024 | Q1 2023 | Δ |
|--|-----------------|----------------|----------------|
| Cash flows from operating activities | | | |
| Profit of the period | 103.38 | 80,26 | 23,1 |
| Income tax expense | 23.80 | 16,77 | 7,0 |
| Amortisement expense (including additional OTC) | 85.03 | 82,18 | 2,8 |
| Grid losses anticipatory tariff income | (7.37) | - | (7,4) |
| Expenses with adjustments for trade receivables impairment | (0.03) | 0,52 | (0,5) |
| Revenues from reversal of adjustments for trade receivables impairment | (2.00) | (0,43) | (1,6) |
| Losses from various debtors | 2.66 | - | 2,66 |
| Net expenses/income with adjustments for various debtors impairment | 1.92 | 0,00 | 1,9 |
| Net expenditures with adjustments for inventories impairment | (0.10) | (0,12) | 0,0 |
| Net profit/ loss on sale of tangible assets | 3.17 | (0.31) | 3.5 |
| Net expenditures on adjustments of value regarding tangible assets | - | (1.63) | 1.6 |
| Net Expenses/Income regarding provisions for risks and expenses | (2.10) | (0.84) | (1.3) |
| Interest expense, interest revenue and unrealised exchange rate gains | (0.37) | 0.46 | (0.8) |
| Cash flows before changes in working capital | 207.98 | 176.88 | 31.1 |
| Changes in: | | | |
| Clients and assimilated accounts - energy and other activities | 121.00 | 1.225.30 | (1.104.3) |
| Clients – balancing | (109.61) | 369.28 | (478.9) |
| Clients – cogeneration | (32.09) | (9.44) | (22.7) |
| Inventories | (2.38) | (3.18) | 0.8 |
| Trade and other liabilities - energy and other activities | (234.86) | (1.229.56) | 994.7 |
| Liabilities - balancing | 81.49 | (420.71) | 502.2 |
| Liabilities - cogeneration | (23.53) | (6.40) | (17.1) |
| Other taxes and social insurance liabilities | (4.62) | (0.77) | (3.9) |
| Deferred revenues | 9.48 | 25.97 | (16.5) |
| Cash flows from operating activities | 12.87 | 127.38 | (114.5) |
| Interest paid | (0.63) | (1.03) | 0.4 |
| Income tax paid | - | (0.02) | 0.0 |
| Net cash generated from operating activities | 12.24 | 126.33 | (114.1) |
| Cash flows from investing activities | | | |
| Acquisition of tangible and intangible assets | 112.75) | (67.32) | (45.4) |
| Participation titles held in SELENE CC Societe Anonyme | - | 0.24 | (0.2) |
| Proceeds from EC non-reimbursable financing | 2.71 | 23.91 | (21.2) |
| Proceeds from sale of tangible assets | - | 0.93 | (0.9) |
| Received Interests | 1.15 | 0.85 | 0.3 |
| Net cash used in investment activity | (108.90) | (41.38) | (67.5) |
| Cash flows used in financing activity | | | |
| Repayments of non-current borrowings | (5.98) | (5.92) | (0.06) |
| Use of working capital credit line | 48.73 | - | 48.7 |
| Building lease payments | (2.66) | 2.63) | (0.0) |
| Repayments of short-term borrowings | - | (67.62) | 67.6 |
| Dividends paid | (0.01) | (0.01) | (0.0) |
| Net cash used in financing activity | 40.07 | (76.17) | 116.2 |
| Net increase/(decrease) in cash and cash equivalents | (56.58) | 8.77 | (65.4) |
| Cash and cash equivalents at 1 January | 519.36 | 315.15 | 204.2 |
| Cash and cash equivalents at end of the time interval | 462.78 | 323.92 | 138.9 |

ANNEX 4: Economic and financial indicators for the reporting period

| Indicators | Calculation formula | Q1 2024 | 2023 |
|--|--|---------|-------|
| Current liquidity ratio (x) | $\frac{\text{Current assets}}{\text{Current liabilities}}$ | 1.18 | 1.13 |
| Indebtness indicators* (x): | | | |
| (1) Indebtness degree indicator | $\frac{\text{Debt capital} \times 100}{\text{Shareholder's equity}}$ | 2.11% | 1.38% |
| (2) Indebtness degree indicator | $\frac{\text{Debt capital} \times 100}{\text{Committed capital}}$ | 2.07% | 1.36% |
| Customer turnover speed (days) | $\frac{\text{Average client balance}^{**} \times \text{no.days}}{\text{Turnover}}$ | 50.9 | 79.37 |
| Non-current assets turnover (x) | $\frac{\text{Turnover}}{\text{Non-current assets}}$ | 0.34 | 0.80 |

* Within the debt level indicators, the borrowed capital contains short-term loans, long-term loans and other short-term and long-term assimilated loans/debts related to building leasing according to IFRS16.

**Customers/Clients with a contribution to turnover (energy, balancing, other customers, customers with invoices to be drawn up) have been taken into account when calculating the average balance. The values corresponding to uncertain customers, from the market coupling mechanism, cogeneration scheme and overcompensation have not been included in the average balance.

ANNEX 5: Constituent instruments amended between January and March 2024

At the time of drafting this report there are no amended constitutions in 2024.

ANNEX 6: Appointment/revocation acts issued in January-March 2024

Supervisory Board

1/16.02.2023. the following members of the Supervisory Board of the Company were appointed for a four-year term of office. starting from March 1st. 2024 until February 29th. 2028: PĂUN Costin-Mihai. ATANASIU Teodor. VASILESCU Alexandru-Cristian. ZEZEANU Luminița. DASCĂL Cătălin-Andrei. ORLANDEA Dumitru Virgil. RUSU Rareș Stelian.

ANNEX 7 REPORT (as per EGMSR No 4/29.04.2015) on contracts signed in Q1 2024 for the procurement of goods, services and works, the value of which is higher than 500.000 Euro/procurement (for procurement of goods and works) and 100.000 Euro/procurement (for services) respectively

| No. | Contract Number | Object of the Contract | Duration in months | Value | | Contract Type | Legal Basis | Procurement Procedure |
|-----|-----------------|---|--------------------|--------------|---------------|----------------|-----------------------------|--------------------------------------|
| | | | | Thousand Lei | Thousand Euro | | | |
| 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| 1 | C 95/2024 | RC 400 KV Mintia - Arad OHL | 48 | 49,013.74 | 0.00 | Works | Law 99/2016+ GD 394/2016 | Open tender |
| 2 | C 233/2024 | 400 KV Stălpu station and modernization of 110 KV and medium voltage cells in Stălpu station - equipment | 24 | 32,124 | 0.00 | I will provide | Law 99/2016+ GD 394/2016 | Negotiation without prior invitation |
| 3 | C 98/2024 | Dedicated software development necessary to determine the quantities of reserves using the probabilistic method | 12 | 6,000 | 0.00 | Supply | Law 99/2016+ GD 394/2016 | Open tender |
| 4 | SB 6/2024 | Cleaning services in the administrative offices and transformer station buildings STT Sibiu | 36 | 1,471.35 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |
| 5 | C 172/2024 | Subscription for user licence and technical support for electricity market modelling software | 24 | 0.00 | 160.1 | Services | Law 99/2016+ GD 394/2016 | Competitive negotiation |
| 6 | BC 9/2024 | Mowing, tree pruning and vegetation removal services to prevent fires in the power stations managed by UTT Bucharest | 24 | 772,52 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |
| 7 | TM 21/2024 | Maintenance services of buildings managed by STT Timisoara | 24 | 756,97 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |
| 8 | TM 26/2024 | Refurbishment of the 110 KV Săcălaz station and the transition to 400 kV of the Porțile de Fier - Anina - Reșița - Timișoara - Săcălaz - Arad axis. 400 KV Săcălaz station (stage iii) - (design) | 12 | 653,61 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |
| 9 | BA 9/2024 | Mowing and vegetation removal services to prevent fires in power stations managed by STT Bacău | 24 | 636,81 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |
| 10 | CR 141/2024 | Mowing and vegetation removal services to prevent fires in power stations managed by STT Craiova | 24 | 534,34 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |
| 11 | CR 211/2024 | DET Craiova operational headquarters - update and completion of the technical and economic documentation for the construction and equipping of the headquarters | 8 | 530 | 0.00 | Services | Law 99/2016+ GD 394/2016 | Open tender |

Annex 6 - Glossary of terms

| | |
|-----------------------------|--|
| "ANRE" | National Electricity Regulatory Authority |
| "BAR" | Regulated asset base |
| "BVB" | Bucharest Stock Exchange. the operator of the regulated market on which the Shares are traded |
| "CAB" | Bucharest Court of Appeal |
| "EEC" | European Economic Community |
| "Company". "NPG CO.". "TEL" | National Power Transmission Company Transelectrica SA |
| "OTC" | Own Technological Consumption |
| "CS" | Supervisory Board |
| "DEN" | National Energy Dispatcher |
| "EBIT" | Operating profit before interest and income tax |
| "EBITDA" | Operating profit before interest. income tax and depreciation |
| "EBT" | Operating profit before income tax |
| "ENTSOE" | European Network of Transmission System Operators for Electricity |
| "HG" | Government Decision |
| "IFRS" | International Financial Reporting Standards |
| "OHL" | Overhead power lines |
| "Leu" or "Lei" or "RON" | Official currency of Romania |
| "MFP" | Ministry of Public Finance |
| "MO" | Official Gazette of Romania |
| "OG" | Government Ordinance |
| "OPCOM" | Operator of the Romanian Electricity Market OPCOM SA |
| "OUG" | Government Emergency Ordinance |
| "PZU" | Day Ahead Market |
| "ETG" | Electricity Transmission Grid. national and strategic interest electricity grid with nominal line voltage higher than 110 kV |
| "SEN" | National Power System |
| "RS" | Secondary adjustment |
| "RTL" | Slow tertiary adjustment |
| "SMART" | Commercial Company for the Maintenance Services of the Electric Transmission Grid SMART SA |
| "SS" | System service |
| "TEL" | Stock market indicator for Transelectrica |
| "TSR" | Total shareholder return |
| "EU" | European Union |
| "u.m." | Measurement unit |
| "USD" or "US dollars" | US dollar. official currency of the United States of America |
| "WACC" | Weighted Average Cost of Capital |



CNTEE Transelectrica SA
A dual-tier company



Simplified Separate Interim Financial Statements
as at and for the three-month period ending on
31 March 2024

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

CNTEE Transelectrica SA

Simplified separate statement of financial position as at 31 March 2024

(All amounts are in RON unless otherwise indicated)

| | Note | 31 March 2024 | 31 December 2023 |
|--|-----------|----------------------|----------------------|
| Assets | | | |
| Fixed assets | | | |
| Tangible fixed assets | | 5,426,688,428 | 5,415,750,112 |
| Fixed assets related to rights of use of leased assets - buildings | | 11,928,359 | 13,916,419 |
| Intangible assets | | 280,514,623 | 282,231,988 |
| Financial fixed assets | | 85,767,355 | 85,767,355 |
| Total fixed assets | 4 | 5,804,898,765 | 5,797,665,874 |
| Current assets | | | |
| Inventories | | 53,559,454 | 51,084,833 |
| Trade and other receivables | 5 | 2,133,706,364 | 2,115,557,772 |
| Corporate tax to be recovered | | - | - |
| Other financial assets | | - | - |
| Cash and cash equivalents | 6 | 462,776,840 | 519,358,908 |
| Total current assets | | 2,650,042,658 | 2,686,001,513 |
| Total assets | | 8,454,941,423 | 8,483,667,387 |
| Equity and debt | | | |
| Equity | | | |
| Share capital, of which: | | 733,031,420 | 733,031,420 |
| - <i>Subscribed share capital</i> | | 733,031,420 | 733,031,420 |
| Share premium | | 49,842,552 | 49,842,552 |
| Legal reserves | | 146,606,284 | 146,606,284 |
| Revaluation reserves | | 1,602,636,290 | 1,634,711,533 |
| Other reserves | | 216,114,260 | 195,710,506 |
| Retained earnings | | 2,565,697,275 | 2,430,243,814 |
| Total equity | 7 | 5,313,928,081 | 5,190,146,109 |
| Long-term debt | | | |
| Long-term accrued income | 8 | 507,099,619 | 519,083,803 |
| Loans | 9 | 25,891,662 | 31,906,178 |
| Other loans and similar liabilities - Building leasing - long term | 10 | 4,337,402 | 6,481,491 |
| Deferred tax liabilities | 10 | 287,963,903 | 285,138,157 |
| Employee benefit obligations | | 75,277,117 | 75,277,117 |
| Total long-term debt | | 900,569,703 | 917,886,746 |
| Current liabilities | | | |
| Trade and other payables | 10 | 2,040,168,008 | 2,242,193,328 |
| Other loans and similar liabilities - Building leasing - short term | 10 | 8,674,803 | 8,641,987 |
| Other taxes and social security contributions | 11 | 13,886,139 | 18,507,735 |
| Loans | 9 | 73,300,808 | 24,528,217 |
| Provisions | 10 | 63,114,383 | 65,205,991 |
| Short-term prepaid income | 8 | 19,908,815 | 16,137,336 |
| Corporate tax payable | | 21,390,683 | 419,938 |
| Total current liabilities | | 2,240,443,639 | 2,375,634,532 |
| Total liabilities | | 3,141,013,342 | 3,293,521,278 |
| Total equity and debt | | 8,454,941,423 | 8,483,667,387 |

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

CNTEE Transelectrica SA

Separate profit and loss account for the three months ended 31 March 2024

(All amounts are in RON unless otherwise indicated)

| | Note | The 3-month period ending on 31 March 2024 | The 3-month period ending on 31 March 2023 |
|--|-----------|--|--|
| Income | | | |
| Income from transport service | | 502,600,128 | 486,949,736 |
| Income from system services | | 126,798,947 | 100,644,860 |
| Income from the balancing market | | 1,332,367,628 | 507,918,766 |
| Other income | | 26,447,114 | 12,282,471 |
| Total income | 13 | 1,988,213,817 | 1,107,795,833 |
| Operating expenses | | | |
| Expenditure for the operation of the system | 14 | (168,749,158) | (171,499,303) |
| Balancing market expenditure | 14 | (1,332,346,922) | (507,871,005) |
| Expenditure on technological system services | 14 | (105,370,579) | (109,646,142) |
| Depreciation | 15 | (85,026,782) | (82,180,561) |
| Staff expenditure | 16 | (87,496,317) | (74,529,920) |
| Repairs and maintenance | | (23,748,784) | (18,682,429) |
| Materials and supplies | | (1,533,727) | (1,800,558) |
| Other operating expenditure | 17 | (56,685,569) | (45,939,395) |
| Total operating expenditure | | (1,860,957,838) | (1,012,149,313) |
| Operating profit | | 127,255,979 | 95,646,520 |
| Financial income | | 2,181,707 | 16,892,106 |
| Financial expenses | | (2,262,977) | (15,506,099) |
| Net financial profit/loss | 18 | (81,270) | 1,386,007 |
| Profit before corporate tax | | 127,174,709 | 97,032,527 |
| Corporate tax | 12 | (23,796,482) | (16,772,199) |
| Profit for the year | | 103,378,227 | 80,260,328 |

The separate condensed interim financial statements presented have been signed by the Company's management as of **April 30, 2024**.

BOARD OF DIRECTORS,

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

p. Economic and Financial Director
Florin STANCIU - DSFTM Manager

Accounting Department Manager
Georgiana-Beatrice ȘTEFAN

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

CNTEE Transelectrica SA

Separate statement of changes in equity as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

| | Share capital | Share premium | Legal reserves | Revaluation reserve | Other reserves | Retained earnings | Total |
|---|--------------------|-------------------|--------------------|----------------------|--------------------|----------------------|----------------------|
| Balance at 1 January 2023 | 733,031,420 | 49,842,552 | 146,606,284 | 703,232,784 | 39,310,392 | 2,196,479,419 | 3,868,502,851 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 213,611,306 | 213,611,306 |
| Other comprehensive income, of which: | | | | | | | |
| Recognition of actuarial gains on defined benefit plans | - | - | - | - | - | 5,234,457 | 5,234,457 |
| Surplus on revaluation of tangible fixed assets. | - | - | - | 1,192,510,070 | - | - | 1,192,510,070 |
| Deferred tax liability af. res. from reev. | - | - | - | (193,974,505) | - | - | (193,974,505) |
| Transfer of revaluation reserves to retained earnings | - | - | - | (67,056,816) | - | 67,056,816 | - |
| Total other comprehensive income for the year | - | - | - | 931,478,749 | - | 72,291,273 | 1,003,770,022 |
| Total comprehensive income for the year | - | - | - | 931,478,749 | - | 285,902,579 | 1,217,381,328 |
| Other items | | | | | | | |
| Legal reserve increase | - | - | - | - | - | - | - |
| Other items | - | - | - | - | - | (92,953) | (92,953) |
| Total other items | - | - | - | - | - | (92,953) | (92,953) |
| Contributions from and distributions to shareholders | | | | | | | |
| Derecognition of fixed assets of a public heritage nature | - | - | - | - | - | - | - |
| Subsidies related to fixed assets belonging to the public domain of the State | - | - | - | - | 156,400,114 | - | 156,400,114 |
| Distribution of dividends | - | - | - | - | - | (52,045,231) | (52,045,231) |
| Total contributions from and distributions to shareholders | - | - | - | - | 156,400,114 | (52,045,231) | 104,354,883 |
| Balance at 31 December 2023 | 733,031,420 | 49,842,552 | 146,606,284 | 1,634,711,533 | 195,710,506 | 2,430,243,814 | 5,190,146,109 |
| Balance at 1 January 2024 | 733,031,420 | 49,842,552 | 146,606,284 | 1,634,711,533 | 195,710,506 | 2,430,243,814 | 5,190,146,109 |
| Comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | - | - | 103,378,227 | 103,378,227 |
| Other comprehensive income, of which: | | | | | | | |
| Recognition of actuarial gain/loss on defined benefit plan | - | - | - | - | - | - | - |
| Surplus on revaluation of tangible fixed assets. | - | - | - | - | - | - | - |
| Deferred tax liability af. res. from reev. | - | - | - | - | - | - | - |
| Transfer of revaluation reserves to retained earnings | - | - | - | (32,075,243) | - | 32,075,243 | - |
| Total other comprehensive income | - | - | - | (32,075,243) | - | 32,075,243 | - |
| Total comprehensive income for the year | - | - | - | (32,075,243) | - | 135,453,470 | 103,378,227 |
| Other items | | | | | | | |
| Legal reserve increase | - | - | - | - | - | - | - |
| Other items | - | - | - | - | - | (9) | (9) |
| Total other items | - | - | - | - | - | (9) | (9) |
| Contributions from and distributions to shareholders | | | | | | | |
| Derecognition of fixed assets of a public heritage nature | - | - | - | - | - | - | - |
| Subsidies related to fixed assets belonging to the public domain of the State | - | - | - | - | 20,403,754 | - | 20,403,754 |
| Distribution of dividends | - | - | - | - | - | - | - |
| Total contributions from and distributions to shareholders | - | - | - | - | 20,403,754 | - | 20,403,754 |
| Balance at 31 March 2024 | 733,031,420 | 49,842,552 | 146,606,284 | 1,602,636,290 | 216,114,260 | 2,565,697,275 | 5,313,928,081 |

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

CNTEE Transelectrica SA

Separate cash flow statement as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

| | The 3-month period ended at 31 March 2024 | The 3-month period ending on 31 March 2023 |
|--|--|---|
| Cash flows from operating activities | | |
| Profit for the period | 103,378,227 | 80,260,328 |
| Adjustments for: | | |
| Corporate tax expense | 23,796,482 | 16,772,199 |
| Depreciation expenses (including additional CPT) | 85,026,782 | 82,180,562 |
| Income from the production of intangible fixed assets (including additional CPT) | (7,369,139) | - |
| Expenditure on impairment adjustments for trade receivables | (30,761) | 518,270 |
| Reversal of adjustments for impairment of trade receivables | (1,999,669) | (431,804) |
| Losses on receivables and sundry debtors | 2,659,863 | - |
| Net expense/income on impairment adjustments of sundry debtors | 1,917,903 | 2,169 |
| Net income/expenses with inventory write-down adjustments | (96,917) | (116,288) |
| Net profit/loss on sale of property, plant and equipment | 3,171,264 | (308,767) |
| Net expenditure on value adjustments in respect of property, plant and | - | (1,627,393) |
| Net income on provisions for risks and charges | (2,100,498) | (838,031) |
| Interest expense, interest income and unearned income from exchange rate differences | (370,620) | 464,197 |
| Cash flows before changes in working capital | 207,982,917 | 176,875,442 |
| Changes in: | | |
| Customers and similar accounts - energy and other activities | 121,004,625 | 1,225,297,927 |
| Customers - balancing | (109,612,731) | 369,281,228 |
| Customers - cogeneration | (32,090,665) | (9,439,001) |
| Inventories | (2,377,704) | (3,175,831) |
| Trade and other payables - energy and other activities | (234,862,254) | (1,229,563,876) |
| Debts - balancing | 81,490,736 | (420,705,288) |
| Debts - cogeneration | (23,527,120) | (6,397,316) |
| Other taxes and social security contributions | (4,621,596) | (766,009) |
| Income in advance | 9,479,528 | 25,972,693 |
| Cash flows from operating activities | 12,865,736 | 127,379,969 |
| Interest paid | (625,825) | (1,033,661) |
| Corporate tax paid | - | (15,373) |
| Net cash generated from operating activities | 12,239,911 | 126,330,935 |
| Cash flows from investing activities | | |
| Purchases of tangible and intangible fixed assets | (112,754,221) | (67,318,699) |
| Exit from shareholding SELENE CC Societe Anonyme | - | 242,140 |
| Proceeds from EC grant funding | 2,711,521 | 23,907,952 |
| Interest received | 1,145,787 | 852,266 |
| Proceeds from the sale of tangible fixed assets | - | 932,488 |
| Net cash used in investing activities | (108,896,913) | (41,383,853) |
| Cash flows used in financing activity | | |
| Repayments of long-term loans | (5,981,204) | (5,922,222) |
| Use of working capital credit line | 48,733,419 | - |
| Short-term loan repayments | - | (67,617,751) |
| Building lease payments | (2,663,773) | (2,627,342) |
| Dividends paid | (13,508) | (5,754) |
| Net cash used in financing activities | 40,074,934 | (76,173,069) |
| Net increase/(decrease) in cash and cash equivalents | (56,582,068) | 8,774,013 |
| Cash and cash equivalents at 1 January | 519,358,908 | 315,146,396 |
| Cash and cash equivalents at end of period | 462,776,840 | 323,920,409 |

CNTEE Transelectrica SA

Notes to the separate interim financial statements as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

1. General information

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

The address of the registered office is: 2-4 Olteni Street, Bucharest, 3rd District. At present, the Company's executive activity is carried out at the head office at 2-4 Olteni Street, 3rd District, Bucharest.

2. Basics of drafting

a) Declaration of conformity

These separate condensed interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of financial statements in accordance with International Financial Reporting Standards ("IFRS"). However, certain explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last separate annual financial statements as of and for the year ended December 31, 2023.

b) Professional judgements and estimates

The significant judgments used by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the separate financial statements prepared for the year ended December 31, 2023.

3. Significant accounting policies

The accounting policies applied in these condensed separate interim financial statements are the same as those applied in the Company's separate financial statements for the year ended December 31, 2023.

4. Tangible, intangible and financial fixed assets

a) Tangible fixed assets

The increase in the total value of property, plant and equipment as at 31 March 2024 compared to 31 December 2023 was due to the increase in the value of property, plant and equipment in progress at the same time as depreciation of property, plant and equipment was recorded.

Thus, the increase in the **value of property, plant and equipment in progress** in the first quarter of 2024 was mainly driven by the completion of investment works in high-voltage power stations and lines, as follows:

- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porțile de Fier - (Anina) - Resita - 13,285,927;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja LEA to 400 kV Medgidia Sud Phase II - 400 kV LEA d.c. Connections to Medgidia South substation - 9,019,054;
- Refurbishment of 220/110/20kV Baru Mare substation - 8,671,779;
- Refurbishment of Isaccea 400 kV substation - Phase II - 7,980,983;
- Refurbishment of the 400/110 kV Pelicanu transformer substation - 6,899,433;
- Switching to 400 kV voltage of the Portile de Fier - Reșița - Timișoara - Săcălaz - Arad axis - Phase I - 400/220/110 kV substation Reșița - 6,677,452;
- Metering and data management system for electricity metering on the wholesale market - 6,315,489;
- Relocation of 220 kV and 400 kV networks - Urechești - Domnești, Țânțăreni - Bradu, Bradu - Brașov, Bradu - Stupărei and Bradu - Târgoviște for. Dr. Express Craiova - Pitesti, section 4 - 4,103,487;

CNTEE Transelectrica SA

Notes to the separate interim financial statements as at 31 March 2024

(All amounts are in RON, unless otherwise indicated)

- Relocation/protection of high voltage networks LEA400 kV s.c. Mintia - Arad for the rehabilitation of the CF Frontieră - Curtici - Simeria line, part of the Pan-European Corridor IV for trains running at a maximum speed of 160 km/h - 3,838,251;
- Increasing the operational reliability of the Argeş-Vâlcea grid area, construction of the 400 kV Arefu substation and installation of a 400 MVA, 400/220 kV HV - 3,113,706;
- LEA 400kV d.c. Gutinaş - Smârdan - 2,544,490;
- Implementation of new functions and software changes in the EMS - SCADA IT system for the implementation of European and national legislative requirements - 2,409,693;
- Relocation/protection of high voltage networks 220 - LEA 220 kV d.c. Reşiţa - Timişoara, LEA 220 kV Timişoara - Arad/Timişoara - Săcălaz and LEA 220 kV d.c. Mintia - Timişoara at the intersection with the Timişoara South Bypass - 1,822,000;
- Refurbishment of 220/110 kV Fileşti substation - 1,107,651.

In Q1 2024, the largest **transfers from tangible assets in progress to tangible assets**, amounting to **224,194,859 RON**, are mainly represented by the commissioning of investment objectives, of which we list the most significant:

- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timişoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porţile de Fier - (Anina) - Resita - 160,417,252;
- Refurbishment of 220/110/20 kV Arefu substation - 31,006,732;
- Relocation of 220 kV and 400 kV networks for the construction of the Braila-Galati expressway - 10,148,828;
- 220 kV LEA diversion in Ampoi Alba Iulia area - 7,742,292;
- Installation of AT2 400 MVA, 400/231/22 kV and related cubicles in Iernut substation and modernization of the control system of 400/220/110/6 kV Iernut substation - 6,142,044;
- Installation of an embedded fibre optic protection conductor on the 400kV Roşiori - Mukacevo LEA - 5.208.270;
- Relocation/protection of high voltage networks 220 - LEA 220 kV d.c. Reşiţa - Timişoara, LEA 220 kV Timişoara - Arad/Timişoara - Săcălaz and LEA 220 kV d.c. Mintia - Timişoara at the intersection with the Timişoara South Bypass - 2,486,367;
- Metering and data management system for electricity metering on the wholesale market - 240,658;
- Execution of works in the Tulcea West district due to the modification of LEA 110 TI. West - Marble by replacing the branch connection of the production site CEE Sălbatica1 - 137,497.

The balance of **tangible fixed assets in progress** as at 31 March 2024, amounting to **849,868,134 RON**, is represented by projects in progress, the most significant of which are listed below:

- LEA 400kV d.c. Gutinaş - Smârdan - 219,254,075;
- Switching to 400 kV voltage of the Porţile de Fier - Reşiţa - Timişoara - Săcălaz - Arad axis - Phase I - 400kV s.c. Porţile de Fier - (Anina) - Resita - 88,334,735;
- Connection of 400 kV Isaccea - Varna and 400 kV Isaccea - Dobrudja LEA to 400 kV Medgidia Sud Phase II - 400 kV LEA d.c. Connections to Medgidia South substation - 72,807,139;
- Refurbishment of 220/110/20kV Baru Mare substation - 68,663,676;
- Connection of CEE 300 MW Iveşti, CEE 88 MW Fălciu 1 and CEE 18 MW Fălciu 2 to the TSO through the new (400)/220/110 kV Banca substation - 46,884,983;
- Refurbishment of 220/110 kV Fileşti substation - 44,669,644;
- Increasing the transmission capacity of the 220kV Stejaru - Gheorgheni - Fântănele LEA - 32,648,980;
- Refurbishment of 400/110/20 kV Smârdan substation - 32,145,671;
- Refurbishment of the 400/110 kV Pelicanu transformer substation - 31,635,837;
- Metering and data management system for electricity metering on the wholesale market - 21,343,379;
- Refurbishment of Isaccea 400 kV substation - Phase II - 14,556,469;
- Refurbishment of the 110 kV Medgidia South substation - 13,763,833;
- Relocation of 220 kV and 400 kV networks - Urecheşti - Domneşti, Târnăveni - Bradu, Bradu - Braşov, Bradu - Stupărei and Bradu - Târgovişte for Dr. Express Craiova - Pitesti, section 4 - 13,348,448;
- Extension of the 400 kV Gura Ialomiţei substation with two cells: LEA 400 kV Cernavodă 2 and 3 - 12,532,423;
- Purchase and installation of 21 monitoring systems for transformer units in CNTEE Transelectrica SA stations - 10,786,924;
- 400 kV Stâlpu substation - 9,420,638;

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- 110 kV, 220 kV and 400 kV mobile switchgear - 9,289,699;
- Refurbishment of the 110 kV Timisoara substation and the transition to 400 kV voltage of the Porțile de Fier - Anina - Reșița - Timișoara - Săcălaz - Arad axis, stage II: 400 kV Timișoara substation - 8,904,600;
- 400 kV Gădălin - Suceava LEA, including interconnection to SEN (H.CA no. 7 / 08.07.2010) - 8,524,388;
- Increasing the operational reliability of the Argeș-Vâlcea grid area, construction of the 400 kV Arefu substation and installation of a 400 MVA, 400/220 kV HV - 5,536,310;
- Relocation/protection of high voltage networks LEA 400 kV s.c. Mintia - Arad for the rehabilitation of the CF Frontiera - Curtici - Simeria line, part of the Pan-European Corridor IV for trains running at a maximum speed of 160 km/h - 5,482,035;
- LEA 220 kV double circuit Ostrovu Mare - RET Stage I + Stage II (H.CA nr.17/2007) - 4,983,558;
- Site clearance and coexistence conditions between the objective "Suspension bridge over the Danube in the Braila area" belonging to CNAIR SA and the electricity networks managed by CNTEE Transelectrica SA - 4,911,246;
- Integrated security system at power stations, phase IV - 4,816,604;
- Modernisation of 110 kV and 400 (220 kV) installations at Focșani West substation - 4,512,921;
- 400 kV Suceava - Balti line, for the project portion on Romanian territory - 4,439,120;
- Connection of 400 kV Isaccea - Varna and Isaccea - Dobruđa LEA to 400 kV Medgidia South substation - 4,021,223;
- Switching to 400 kV voltage of the Porțile de Fier - Reșița - Timișoara - Săcălaz - Arad axis, phase II, 400 kV d.c. Reșița - Timișoara - Săcălaz - 3,489,984;
- Extension with new functionalities of the computerized access control and record-keeping system for CNTEE Transelectrica SA objectives - 3,200,918;
- Connection to the national grid of CEE 136 MW Platonești, county Ialomita, by building a 110 kV cell in the 400/110 kV Gura Ialomiței power substation - 2,889,337;
- Integrated security system at power stations, phase III (H.CA no. 2/2008) - 2,798,024;
- Pilot Project - Refurbishment of the 220/110/20 kV Alba Iulia substation in the concept of a digital substation - 2,624,978;
- Upgrading to reduce the effects of galloping on the 400 kV South Bucharest - Gura Ialomiței line - 2,622,123;
- 110 kV Cetate 1 and 2 LEA diversion in the vicinity of 110/20/6 kV Ostrovul Mare substation - 2,578,438;
- Connection to the RET of CEE Dumești 99 MW and CEE Românești 30 MW, Iasi county, by building a 110 kV line cell in the 220/110 kV FAI - 2,545,853 power substation;
- Implementation of new functions and software changes in the EMS - SCADA IT system for the implementation of European and national legislative requirements - 2,440,569;
- Replacement of HV transformer Trafo in Electricity Substations - Phase 2 - LOT 1 - LOT 2 - 2,053,357.

b) Intangible assets

Intangible assets in progress

The balance of **intangible assets** in progress as at 31 March 2024, amounting to **18,756,684 RON**, is represented by projects in progress, the most significant of which are listed below:

- Metering and data management system for electricity metering on the wholesale market - 8,594,340;
- Replacement of hardware components, upgrade and development of specific applications of the Balancing Market Platform - II DAMAS, Component Purchase of migration services and upgrade of specific applications of the Balancing Market - 7,607,441;
- MARI platform development - 1,997,722.

There were no transfers from intangible assets in progress to intangible assets in Q1 2024.

Intangible fixed assets - Additional CPT

As of 30 September 2022, the Company shall apply the provisions of GEO no. 119/2022 amending and supplementing GEO no. 27/2022 and approved by Law no. 357/13.12.2022, whereby the additional costs for the purchase of electricity made in the period from 1 January 2022 to 31 March 2025, in order to cover own technological consumption and technological consumption, respectively, compared to the costs included in the regulated tariffs, are capitalised on a quarterly basis. Thus, capitalised costs are amortised over a period of 5 years from the date of capitalisation and are remunerated at 50% of the regulated rate of return

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approved by the National Energy Regulatory Authority applicable over the amortisation period of those costs and are recognised as a separate component.

The Company recorded revenues representing additional CPT calculated as the difference between the net cost of CPT acquisition and the cost of CPT recognized in the regulatory tariff in the amount of:

- 338,526,677 - for the year 2022,
- 13,735,364 - for the year 2023,
- 7,369,139 - for the first quarter of 2024.

At 31 March 2024, depreciation of 99,640,162 is calculated on these capitalisations. Thus, the book value of the intangible assets resulting from the capitalisation of the additional CPT is 259,991,018.

Please note that this revenue is of a non-monetary nature, and the Company will collect it in instalments through the transmission tariff over the next five years from the date of capitalisation (2023-2027) in accordance with the relevant legislative provisions.

c) Financial fixed assets

The balance of financial fixed assets as at 31 March 2024 and 31 December 2023, amounting to 85,767,355, is mainly represented by:

- the net value of shares held by the Company (81,503,833);
- securities for the temporary occupation of the land, calculated and retained in accordance with Article 39(2) of Regulation (EC) No. (1), par. (2) and par. (5) of Law No 46/2008 on the Forestry Code, for the implementation of the investment objective of the 400 kV Reșița - Pancevo (Serbia) line in the amount of 4,199,505.

d) Fixed assets relating to rights to use leased assets - buildings

Leasehold assets - buildings represent the right to use the premises leased by the Company in the Platinum office building as defined by IFRS 16 - Leases.

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

As of 31 March 2024, the book value of the right of use of the premises leased by the Company in the Platinum office building is in the amount of 11,928,359 RON.

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

5. Trade and other receivables

At 31 March 2024 and 31 December 2023, trade and other receivables are as follows:

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Trade receivables | 1,823,876,630 | 1,745,653,583 |
| Other receivables | 178,442,611 | 213,174,870 |
| Advances to suppliers | 74,224,096 | 151,620,057 |
| VAT to be recovered | 267,018,870 | 215,086,522 |
| Impairment adjustments for doubtful trade receivables | (123,490,699) | (125,521,130) |
| Impairment adjustments for other doubtful receivables | (86,365,144) | (84,456,130) |
| Total trade and other receivables | 2,133,706,364 | 2,115,557,772 |

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The structure of trade receivables is as follows:

| | <u>31 March 2024</u> | <u>31 December 2023</u> |
|--|-----------------------------|-----------------------------|
| Customers in the electricity market, of which: | 1,821,516,694 | 1,742,443,716 |
| - customers - operational activity | 941,904,165 | 1,004,534,583 |
| - customers - balancing market | 703,682,032 | 594,069,301 |
| - customers - bonus support scheme for the promotion of high efficiency cogeneration | 175,930,497 | 143,839,832 |
| Customers from other activities | <u>2,359,936</u> | <u>3,209,867</u> |
| Total trade receivables | <u>1,823,876,630</u> | <u>1,745,653,583</u> |

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

As at 31 March 2024, the outstanding customers from operating activities show a decrease compared to 31 December 2023 mainly due to lower energy consumption in Q1 2024 compared to Q4 2023.

The increase in the volume of transactions in the balancing market in the first quarter of 2024 compared to the fourth quarter of 2023 also led to an increase in the balance of customers in contracts concluded for this type of activity.

The main customers in the energy market are represented by: IBEX, MAVIR, Ciga Energy SA, Electrica Furnizare SA, Cinta Energy SA, OPCOM, Hidroelectrica, JAO, Engie Romania, PPC Energie SA. Their share is 82.53% of the total turnover of energy market activity.

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

As at 31 March 2024, the Company records receivables from the bonus support scheme for the promotion of high-efficiency cogeneration of approximately 9.65% (8% as at 31 December 2023) of total trade receivables.

Customers in the bonus-type support scheme for the promotion of high-efficiency cogeneration are experiencing an increase in receivables as of 31 March 2024, mainly due to an increase in the amount invoiced for the collection of the monthly contribution.

As of March 31, 2024, the Company records receivables in the amount of 175,930,497, represented by invoices issued related to the bonus support scheme for the promotion of high efficiency cogeneration, of which:

- overcompensation for the period 2011-2013 in the amount of 76,702,140, respectively from RAAN - 63,467,054 and CET Govora SA - 13,235,086;
- undue bonus for 2014 in the amount of 3,914,960, respectively from RAAN - 1,981,235, CET Govora - 1,933,725;
- undue bonus for 2015 in the amount of 563,899, respectively from CET Govora - 534,377, Interagro - 29,523;
- undue bonus for 2020 in the amount of 522,181 from Donau Chem;
- overcompensation for 2023 in the amount of 5,482,571, respectively from BEPCO - 2,864,212, TERMOFICARE ORADEA - 2,618,359 (due in Q2 2024);
- uncollected cogeneration contribution from the electricity consumers' suppliers in the amount of 20,638,103, respectively from: Transenergo Com - 5,882,073, Petprod - 4,391,193, Romenergy Industry - 2,680,620, RAAN - 2,385,922, UGM Energy - 1,504,046, CET Govora - 900,864, KDF Energy - 680,733 and others.

Up to the date of this financial report, the Company has collected all receivables related to the overcompensation of activity for the 2023 support scheme in the amount of 5,482,571 from Bepco (2,864,212) and Termoficare Oradea (2,618,359), as well as the amount of 14,155,099 from the undue bonus established by ANRE Decisions for the year 2023, from the following producers: Bepco SRL, CET Grivița, Electro Energy Sud, Electrocentrale București, Electrocentrale Craiova, Electroulaj SA, Municipiul Iași, Petrotel Lukoil, Poligen Power, Soceram SA, Termoficare Oradea and UATAA Motru.

In order to settle claims arising from overcompensation and undue bonuses in previous years, the Company has requested reciprocal compensations from producers who qualify for the support scheme. For the producers (RAAN, CET Govora) who did not agree with this way of extinguishing mutual claims and debts, the Company applied and still applies the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on the establishment of the method of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration: "where the producer has not paid in full to the support scheme administrator the resulting payment

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obligations in accordance with this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations in respect of the support scheme, with an explicit mention of the amounts concerned on the payment document" and withheld from the payment the support scheme amounts due.

• The Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department has registered the case no. 9089/101/2013/a140, having as object "claims in the amount of 86,513,431", case in which the Company is the claimant, the defendant being the **Regia Autonomă pentru Activități Nucleare - RAAN**.

By its application, Transelectrica SA requested that the defendant RAAN be ordered to pay the amount of EUR 86,513,431.

On 19.05.2016, the Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department issued a judgment, ordering the following: "On the basis of Art. 413 para. 1 from the civil procedure code Orders that the case be stayed pending the outcome of case No 3014/2/2014 pending before the High Court of Cassation and Justice. Subject to appeal for the duration of the suspension. Delivered today 19 May 2016 in open court." Court date on 06.06.2019. Please note that the case no. 3014/2/2014 pending before the High Court of Cassation and Justice concerns an appeal - annulment of ANRE Decision no. 743/28.03.2014, and RAAN (applicant) and ANRE (defendant) as parties.

We also point out that, by the decision of 18.09.2013, ruled by the Mehedinți Court, in case no. 9089/101/2013, it was ordered the opening of general insolvency proceedings against the debtor Regia Autonomă pentru Activități Nucleare R.A. (RAAN).

By judgment no. 387/20.03.2014, the Mehedinți Court confirmed the reorganization plan of the debtor Regia Autonomă pentru Activități Nucleare, proposed by the receiver Tudor&Asociații SPRL and voted by the General Meeting of Creditors according to the minutes of 28.02.2014.

By interim judgment no. 10/28.01.2016, delivered by the Mehedinți Court - Second Civil, Administrative and Tax Department, the syndic judge ordered the commencement of bankruptcy proceedings of the debtor, pursuant to Art. 107 para. 1 lit. C of Law 85/2006, as well as the dissolution of the debtor and the lifting of the debtor's administration rights.

By Decision no. 563/14.06.2016, the Court of Appeal Craiova - Second Civil Department rejected the appeals against the interim judgment no. 10/28.01.2016, delivered by the Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department.

With the filing of the statement of claim, in the RAAN bankruptcy proceedings, CNTEE Transelectrica SA may invoke the provisions of Article 52 of Law no. 85/2006, applicable to the RAAN bankruptcy proceedings, provisions taken over by Article 90 of Law no. 85/2014, regarding the creditor's right to invoke the set-off of its claim against the debtor's claim against it, when the conditions provided by law regarding legal set-off are met at the date of the opening of the proceedings. Transelectrica was entered in the table of the debtor RAAN with the amount of 11,264,777 RON, in the category of claims resulting from the continuation of the debtor's activity. Of the amount requested by the Company, 89,360,986 RON, the amount of 78,096,208.76 RON was not entered in the preliminary table of claims, on the grounds that "it does not appear as due in RAAN's accounting records". Moreover, the judicial liquidator considered that the request for the inclusion in the table of the amount of 78,096,209 RON is late, being related to the period 2011 - 2013, which is why the statement of claim should have been made at the time of the opening of the insolvency proceedings, namely on 18.09.2013.

Following the partial entry of the total amount requested by Transelectrica in the amount of 89,360,986.06 RON and the address no. 4162/03.10.2016, by which the receiver informed us that only the amount of 11,264,777.30 RON was entered in the supplementary table in the category of claims resulting from the continuation of the debtor's activity, and the amount of 78,096,208.76 RON was rejected, an objection to the supplementary table of claims was filed within the legal term.

At the trial date of 14.02.2019, the Mehedinți Court ordered the joinder of case no. 9089/101/2013/a152 to case no. 9089/101/2013/a140 (concerning claims - request for payment). The trial of the case was postponed, as the court considered that it was useful for the resolution of the case to present the civil decision no. 2969/26.09.2018, ruled by the High Court of Cassation and Justice in case no. 3014/2/2014, having as object the annulment of ANRE President decision no. 743/2014.

Mehedinți Court solution: "Passes the challenge of forfeiture. The main action and the related appeal are allowed in part. Orders the defendant RAAN to pay the claimant Transelectrica the amount of 16,950,117.14 RON, a claim arising in the course of the proceedings, and orders that it be entered in the creditors' table against the debtor RAAN in that amount. Dismisses the remainder of the related claims. Pursuant to Art. 453 para 2 from the civil procedure code Orders the defendant to pay the applicant's costs of 1000 RON. Subject to appeal. Delivered today 20.06.2019 in open court". Document: Judgment 163/2019 20.06.2019.

Transelectrica appealed within the legal time limit. Craiova Court of Appeal has set the first trial date for 30.10.2019. The appeal was dismissed as unfounded. Transelectrica filed an application for review on the grounds of inconsistency of judgments, registered under case number 1711/54/2019, with a trial date of 26.03.2020 at the Court of Appeal of Craiova, which was to send the case to the High Court of Cassation and Justice for competent resolution.

On 26.03.2020, the trial was adjourned to 21.05.2020.

On 21.05.2020, the case was removed from the docket with the following solution: the challenge of lack of material jurisdiction of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Department. Decision 140/21.05.2020. Court date 03.02.2021.

At the trial on 03.02.2021, the ICCJ admitted the objection of lateness of the application for review and did not rule on its inadmissibility.

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There are also 4 other cases between RAAN and Transelectrica at different stages of the proceedings.

In RAAN's bankruptcy case registered under no. 9089/101/2013, the Mehedinți Court postponed the trial dates of 08.10.2020 and 04.02.2021. Summary of the solution: time was granted to continue the liquidation proceedings, to represent the debtor's interests in the litigation pending before the courts, to consolidate the creditor's assets, to continue the measures to recover debts, to continue the public auctions for the recovery of the debtor's assets.

The case is adjourned to 14.10.2021, the summary judgment being: "grant a time limit for the continuation of the proceedings, i.e. for the recovery of the assets and the completion of the other liquidation operations."

The case is adjourned to 10.02.2022, the summary judgment being: "for the conduct of the proceedings, i.e. the valuation of assets, the collection of claims and the performance of other liquidation operations. the parties will be summoned by the BPI" and the next trial date is set for 02.06.2022.

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

At the trial date of 15.10.2023 the case was again postponed, the new trial date in the case was set for 18.01.2024 and then 08.02.2024.

The next appearance of the parties has been set for **06.06.2024**.

- CNTEE Transelectrica SA concluded with CET Govora SA an agreement for the compensation and payment by instalments of the amounts due from the overcompensation for the period 2011-2013 and the undue bonus for 2014 (Agreement No. C 135/30.06.2015 and Addendum No. 1/04.08.2015). The duration of the Agreement was 1 year (July 2015-August 2016) and provided for the right of the Company to calculate and collect penalties during the payment instalment period.

Under the Agreement, the Company's receivables from CET Govora SA were offset against the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 withheld by applying the provisions of Article 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Agreement, in the amount of 40,507,669.

As a result of the suspension in court, by Civil Judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014, which established the amount of overcompensation for the period 2011-2013, CET Govora SA no longer complied with its obligations under the Agreement.

As of 9 May 2016, CET Govora has opened general insolvency proceedings. In order to recover claims arising prior to the opening of insolvency proceedings, the Company followed the specific procedures provided for by Law no. 85/2014 - Insolvency Law and requested the court to admit the claims, according to the law. In view of the above, as of 9 May 2016, the Company suspended the application of the provisions of Article 17.5 of the Order of the President of ANRE no. 116/2013 approving the Regulation on the method of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration and paid monthly to CET Govora the cogeneration bonus.

By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice upheld the appeal filed by ANRE against Civil Judgment no. 3185/27.11.2015, partially quashed the contested judgment and dismissed the suspension request filed by CET Govora, the judgment being final. Thus, as of 05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, taking full effect.

Under these circumstances, the Company shall apply the provisions of Article 17 paragraph 5 of ANRE Order no. 116/2013 for mutual debts and claims arising after the insolvency proceedings, in the sense of withholding the bonus due to CET Govora SA up to the amounts related to the support scheme not paid to the Company. Transelectrica has been entered in the preliminary and final tables with a total claim of 28,200,440.31, of which 25,557,189.98 relates to the support scheme. Please note that this claim in the amount of 21,962,243.71 RON, representing the principal debt and penalties related to invoice no. 8116/08.04.2016 is entered under the suspensive condition of a final court decision in favour of ANRE in case no. 2428/2/2014 pending before the Bucharest Court of Appeal, regarding the annulment of ANRE decision no. 738/28.03.2014.

At the hearing on 18.07.2018, the Court of Valcea delivered the following decision:

- *Confirms the reorganisation plan of the debtor SC CET Govora SA, plan proposed by the insolvency administrator EURO INSOL SPRL, filed on 25 May 2018 and published in the Insolvency Proceedings Bulletin no. 11924 of 13 June 2018.*

- *Rejects the appeals lodged by the creditors Complexul Energetic Oltenia SA, SNTFM CFR Marfă SA, Solek Project Delta SRL, Solek Project Omega SRL, Clean Energy Alternativ SRL and Solar Electric Curtișoara SRL.*

- *Sets a substantive trial date for the continuation of the proceedings on 8 October 2018.*

Subject to appeal within 7 days from the communication, made through the Insolvency Proceedings Bulletin. Delivered in open court today 18 July 2018. Document: Judgment: 1196/18.07.2018.

By Decision no. 766/03.12.2018, the Pitesti Court of Appeal annulled the amount of 28,013,984.83 - representing the obligation entered by the Company in the Creditors' List (Case no. 1396/90/2016).

Under these circumstances, the Company has included the amount of 22,188,224.16 relating to the support scheme in the miscellaneous debtors account, analytically separate - ANRE, with an impact on the net position of the support scheme.

The amount of 22,188,224.16 represents the receivable from CET Govora related to the support scheme (in the amount of

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25,557,190), corrected by the bonus retained by the Company according to art. 17 para. 5 of ANRE President's Order no. 116/2013, in the amount of 3,368,966.

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

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

Other receivables

As at 31 March 2024, other receivables amounting to 178,442,611 mainly include:

- sundry debtors (**116,208,792**), of which:
 - late payment penalties calculated on defaulting customers and penalties for non-fulfilment of contracts amounting to 94,987,039 (of which 35,145,756 are penalties related to the support scheme). The highest penalties were recorded to partners: Romelectro (40,388,366), RAAN (16,901,449), CET Govora (9,606,504), Electrocentrale București (9,409,174), OPCOM (3,632,976), Total Electric Oltenia (3,288,967), Multiservice G&G (2,162,468), Electrogrup SA (1,964,389), Petprod (1,894,232), ISPE Proiectare și Consultanță SA (1,035,182). For penalties calculated, impairment adjustments have been recorded in accordance with applicable accounting policies;
 - compensation owed by suppliers for non-delivery of electricity: Arelco Power (987,555), Enol Grup (2,541,312) and Next Energy Partners (8,395,132). Impairment adjustments have been recorded for compensation due from suppliers in the operational activity;
 - receivable from OPCOM representing VAT on the contribution in kind to the capital of the subsidiary in the amount of 4,517,460.
- amounts received as a subsidy (**50,735,676**) related to the connection contracts to the RET;
- prepaid expenses amounting to **11,991,344** mainly represented by: domestic and international dues (5,714,282), taxes and duties (2,753,223), ANRE contribution (1,771,518), rent and maintenance of office building (746,115), insurance policies (620,526), miscellaneous services (146,950) and other;
- other social claims amounting to **1,904,865** representing sick leave paid by the employer to employees and to be recovered from the National Health Insurance Fund, in accordance with the legislation in force.

Advances to suppliers

As at 31 March 2024, advances paid to suppliers are represented by suppliers debtors for services in the amount of **74,224,096** and mainly represent amounts from transactions related to the price coupling mechanism (for SIDC the amount of 18,690,337 and for ICP - *Interim Coupling Project* and SDAC - *Single Day-ahead Coupling* the amount of 53,870,733).

The implementation of the price coupling mechanism started on 19 November 2014, when the "4 Market Market Coupling (4MMC)" project, which foresees the linking of the PZU (Next Day Market) electricity markets in Romania, Hungary, Czech Republic and Slovakia, entered the operational phase. On 17 June 2021, the Interim Coupling project was launched, which is the coupling of the day-ahead markets in the 4MMC countries with those in Poland, Austria and Germany.

Under the day-ahead market price coupling mechanism, the power exchanges match, on an auction basis, day-ahead electricity transactions taking into account the interconnection capacity made available by the TSOs through which the implicit allocation of capacity is made. CNTEE Transelectrica SA, as TSO, transfers electricity, both physically and commercially, to the neighbouring TSO (MAVIR-Hungary) and manages congestion revenues on the interconnection (art. 139 of ANRE Order no. 82/2014), and in relation to OPCOM SA it is an Implicit Participant in the Day-ahead Market.

As Transfer Agent and Implicit Participant, CNTEE Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA and MAVIR.

On 19 November 2019, the 2nd wave of the Single Intraday Coupling (SIDC) European Single Intraday Coupling solution was launched, with the first deliveries on 20 November. Seven countries - Bulgaria, Croatia, Czech Republic, Hungary, Poland, Romania and Slovenia - have joined the fourteen countries - Austria, Belgium, Denmark, Estonia, Finland, France, Germany, Latvia, Lithuania, Netherlands, Norway, Portugal, Spain and Sweden, which have already been operating on a flat-rate basis since June 2018.

The unique intra-day market coupling mechanism ensures the continuous matching of bids and offers of market participants in one bidding zone with bids and offers from within its own bidding zone and from any other bidding zone where cross-border capacity

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is available.

As Transfer Agent, CNTEE Transelectrica SA has the commercial task of settling the energy traded between OPCOM SA, MAVIR and IBEX.

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

As transfer agent for Romania's bidding zone, CNTEE Transelectrica SA has the role of settling the energy traded between OPCOM SA and IBEX.

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

Within the FBMC project, Transelectrica has the role of both Shipper (Transfer Agent) and CCP - Central Counterparty. As a CCP, the Company is responsible for transferring the financial flows generated by the electricity flows as a result of the coupling process.

VAT to be recovered

VAT to be recovered (267,018,870) - amount relating to statements of account for the period December 2023 to March 2024 and October 2020. Up to the date of this report, the Company has collected from the State the amount of 66,077,377, representing the value added tax claimed for refund for the month of December 2023.

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

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

The highest impairment adjustments at 31 March 2024, calculated for trade receivables and related penalties, were recorded for Romelectro SA (40,392,346), JAO (29,974,217), CET Govora (24.645.019), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Next Energy Partners (8,395,132), OPCOM (8,150,436).

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

6. Cash and cash equivalents

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

As at 31 March 2024 and 31 December 2023, cash and cash equivalents are as follows:

| | <u>31 March 2024</u> | <u>31 December 2023</u> |
|---|-----------------------------|--------------------------------|
| 1. Current accounts with banks and deposits with original maturities of up to 90 days, of which: | 462,612,585 | 519,277,606 |
| <i>a) current accounts with banks and deposits with initial maturities of up to 90 days of current activity</i> | <i>197,040,264</i> | <i>82,610,434</i> |
| <i>b) current accounts with banks and deposits with original maturities of up to 90 days resecured, of which:</i> | <i>265,572,321</i> | <i>436,667,172</i> |
| - cash and deposits from high efficiency cogeneration | 146,022,771 | 295,063,039 |
| - cash and deposits from interconnection capacity allocation | 23,978,826 | 47,392,976 |
| revenues used for network investment | | |
| - cash from the connection fee | 49,145,841 | 57,387,012 |
| - European funds | 54,334 | 87,065 |

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| | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| - other restricted accounts (energy market guarantees and dividends) | 46,370,549 | 36,737,080 |
| 2. Cash at hand | 90,016 | 81,356 |
| 3. Other cash equivalents | 74,239 | - |
| Total | 462,776,840 | 519,358,962 |

7. Equity

In accordance with the provisions of GEO no. 86/2014 on the establishment of some reorganization measures at the level of central public administration and for the modification and completion of some normative acts, on 20 February 2015 the transfer of 43,020,309 shares from the account of the Romanian State in the administration of the General Secretariat of the Government to the account of the Romanian State in the administration of the Ministry of Economy, Trade and Tourism was registered in the Register of Shareholders of the Company.

On the basis of the provisions of Article 2 of GEO no. 55/19 November 2015 on the establishment of some reorganization measures at the level of central public administration and for the modification of some normative acts, the Ministry of Economy, Trade and Business Environment Relations (MECRMA) was established, by reorganizing and taking over the activities of the Ministry of Economy, Trade and Tourism, which was abolished, and by taking over the activity and structures in the field of small and medium enterprises and business environment from the Ministry of Energy, Small and Medium Enterprises and Business Environment.

According to the provisions of GD no. 27/12 January 2017 on the organization and functioning of the Ministry of Economy, the Company operated under the authority of the Ministry of Economy until 5 November 2019.

Pursuant to the Government Emergency Ordinance (GEO) no. 68/2019 for the establishment of some measures at the level of central public administration and for the amendment and completion of some normative acts, published in the Official Gazette no. 898/06.11.2019, as of 6 November 2019, the exercise of the rights and the fulfilment of the obligations arising from the State's shareholder status in the National Electricity Transmission Company "Transelectrica" - S.A. is carried out by the General Secretariat of the Government.

On 14.11.2019, Depozitarul Central S.A. recorded the transfer of 43,020,309 shares (representing 58.69% of the share capital) issued by CNTEE Transelectrica SA, from the account of the Romanian State through the Ministry of Economy to the account of the Romanian State represented by the Government through the General Secretariat of the Government, as a result of the implementation of the provisions of the Government Emergency Ordinance no. 68/06.11.2019 on the establishment of certain measures at the level of central public administration and for the amendment and completion of certain normative acts.

On 31 March 2024, the shareholders of CNTEE Transelectrica SA are: The Romanian State represented by the General Secretariat of the Government holding 43,020,309 shares (58.69%), the privately administered pension fund NN with 4,007,688 shares (5.47%), PAVAL HOLDING with 4,753,567 shares (6.49%), other legal shareholders with 16,324,012 shares (22.26%) and other natural persons with 5,197,566 shares (7.09%).

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

The shareholding structure on 31 March 2024 and 31 December 2023 is as follows:

| Shareholder | 31 March 2024 | | 31 December 2023 | |
|--|-------------------------|-------------------------------|-------------------------|-------------------------------|
| | Number of shares | % of the share capital | Number of shares | % of the share capital |
| The Romanian State through the SGG | 43,020,309 | 58.69% | 43,020,309 | 58.69% |
| Other legal entity shareholders | 16,324,012 | 22.26% | 16,231,423 | 22.14% |
| PAVAL HOLDING | 4,753,567 | 6.49% | 4,753,567 | 6.49% |
| Fondul de pensii administrat privat NN | 4,007,688 | 5.47% | 4,007,688 | 5.47% |
| Other individual shareholders | 5,197,566 | 7.09% | 5,290,155 | 7.21% |
| Total | 73,303,142 | 100.00% | 73,303,142 | 100.00% |

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The increase in shareholders' equity as at 31 March 2024 compared to 31 December 2023 was mainly due to the recognition in retained earnings of the net profit of 103,378,227 realised as at 31 March 2024.

8. Income in advance

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

As at 31 March 2024, the situation of **deferred income** is as follows:

| | 31 March 2024 | Of which: short-term portion at 31.03.2024 | 31 December 2023 | Of which: short-term portion at 31.12.2023 |
|--|--------------------------|---|-----------------------------|---|
| Deferred income - allocation of interconnection capacity | 7,258,255 | 7,258,255 | 1,054,141 | 1,054,141 |
| Deferred income - European funds | 1,165,102 | 1,165,102 | 839,038 | 839,038 |
| Funds from the feed-in tariff | 301,335,404 | 7,089,088 | 317,656,961 | 9,061,809 |
| European Funds | 196,016,656 | 3,411,961 | 194,199,509 | 4,198,190 |
| Other subsidies | 21,233,017 | 984,409 | 21,471,490 | 984,158 |
| Total | 527,008,434 | 19,908,815 | 535,221,139 | 16,137,336 |

The evolution of **short-term deferred income from** January to March 2024 is as follows:

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Balance at beginning of period | 16,137,336 | 39,362,438 |
| Interconnection capacity prepayments | 21,863,600 | 214,513,794 |
| Proceeds from European funds | 326,064 | 421,852 |
| Transfer from long-term deferred income | (2,758,700) | (7,414,453) |
| Income from the use of interconnection capacity | (15,659,485) | (229,686,295) |
| Income from European funds | - | (1,060,000) |
| Total | 19,908,815 | 16,137,336 |

The evolution of **long-term deferred income from** January to March 2024 is as follows:

| | 31 March 2024 | 31 December 2023 |
|---------------------------------------|----------------------|-------------------------|
| Balance at beginning of period | 519,083,803 | 439,025,206 |
| Connection subsidies | 5,947,805 | 231,303,420 |
| Non-reimbursable funds | 2,711,521 | (18,409,505) |
| Non-repayable funds to be repaid | - | - |
| Transfer to short-term prepaid income | (23,641,965) | (153,503,985) |
| Reversal of subsidies to revenue | 2,998,455 | 20,668,667 |
| Total | 507,099,619 | 519,083,803 |

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As at 31 March 2024, the amount of long-term borrowings decreased compared to 31 December 2023, mainly due to repayments under existing loan agreements.

Movements in borrowings in the three months ended 31 March 2024 are as follows:

| | Currency | Interest rate | Book value | Maturity |
|---|-----------------|----------------------|--------------------|-----------------|
| Balance at 1 January 2024 | | | 55,893,387 | |
| New drawdowns | | | 48,733,419 | |
| Repayments, of which: | | | (5,981,204) | |
| BEI 25709 | EUR | 3.596% | (5,981,204) | 10-Sep-2025 |
| BEI 25710 | EUR | 3.856%+2.847% | - | 11-Apr-2028 |
| Exchange rate differences at the date of repayment | | | (57,904) | |
| Balance at 31 March 2024 | | | 98,587,698 | |

As at 31 March 2024 and 31 December 2023, the balances of long-term borrowings from credit institutions are as follows:

| Description | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| BEI 25709 | 17,945,417 | 23,951,778 |
| BEI 25710 | 31,908,862 | 31,941,609 |
| Total long-term loans from credit institutions, of which: | 49,854,279 | 55,893,387 |
| Current portion of long-term loans | (23,962,617) | (23,987,209) |
| Total long-term loans, net of current instalments | 25,891,662 | 31,906,178 |

The long-term portion of the loans will be repaid as follows:

| | 31 March 2024 | 31 December 2023 |
|-----------------------|----------------------|-------------------------|
| Between 1 and 2 years | 24,458,153 | 12,011,321 |
| Between 2 and 5 years | 1,433,509 | 19,894,857 |
| Over 5 years | - | - |
| Total | 25,891,662 | 31,906,178 |

The Company has not undertaken hedging activities related to its foreign currency obligations or exposure to interest rate risks. All long-term loans outstanding as at 31.03.2024 bear fixed interest.

• *Short-term loans*

Short-term loans are detailed as follows:

| | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| Current portion of long-term loans | 23,962,617 | 23,987,209 |
| Short-term bank credit | 48,733,419 | - |
| Interest on long-term and short-term loans | 604,772 | 541,008 |
| Total short-term loans | 73,300,808 | 24,528,217 |

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• Loans taken for current activity

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

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

On 27.03.2024, Transelectrica concluded the Addendum No. 2 to the credit agreement No. C624 concluded with Banca Comercială Română, extending the validity of the contract by 12 months (from 30.03.2024 to 30.03.2025).

The credit line is secured by:

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

As at 31 March 2024 the credit line is not drawn.

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

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

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

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

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

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

On 07.03.2024, Transelectrica concluded the Addendum No. 4 to the credit agreement no. C588 concluded with Banca Transilvania, extending the validity of the credit line to 12 months (credit line use until 09.03.2025).

The credit line is secured by:

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

As at 31 March 2024, 48,733,419 was drawn on the credit line.

10. Trade and other payables

At 31 March 2024 and 31 December 2023, trade and other payables are as follows:

| | 31 March 2024 | 31 December 2023 |
|-------------------------------|----------------------|-------------------------|
| Energy market suppliers | 1,240,351,055 | 1,340,921,907 |
| Suppliers of fixed assets | 142,353,954 | 177,733,800 |
| Suppliers of other activities | 83,136,163 | 90,164,126 |
| Amounts due to employees | 12,000,913 | 11,787,078 |
| Other payables | 575,338,128 | 636,709,895 |
| Total | 2,053,180,213 | 2,257,316,806 |

As at 31 March 2024 and 31 December 2023, the outstanding liabilities on the energy market amounting to 1,240,351,055 and 1,340,921,907 respectively, have the following structure:

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| | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| Electricity market suppliers, of which: | | |
| - suppliers - operational activity | 432,921,276 | 591,455,744 |
| - suppliers - balancing market | 698,869,958 | 617,379,222 |
| - suppliers - bonus support scheme for promotion of high-efficiency cogeneration | 108,559,821 | 132,086,941 |
| Total | 1,240,351,055 | 1,340,921,907 |

Suppliers in the electricity market are mainly represented by: OPCOM, MAVIR, Hidroelectrica SA, IBEX, Electrocentrale București, CIGA Energy SA, S Complexul energetic Oltenia SA, Joint Allocation Office, Electrica Furnizare SA, CINTA Energy SA. In the first quarter of 2024, their share of total energy market suppliers is 89.64%.

The decrease in the balance of "liabilities related to operating activities" was mainly due to the payment when due in 2024 of the payment obligations outstanding as at 31 December 2023, mainly resulting from the coupling of electricity markets.

The increase in the balance of "Balancing market liabilities" was driven by the increase in the volume of transactions recorded on the balancing market in Q1 2024 compared to Q4 2023.

The decrease in "support scheme liabilities" to suppliers (producers) was due to the decrease in the monthly bonus for high efficiency cogeneration from March 2024 to December 2023.

As of 31 March 2024, there are payment obligations to suppliers (producers) in the amount of 27,120,145 (RAAN - 23,751,179 and CET Govora SA - 3,368,966), representing the monthly cogeneration bonus, pre-overcompensation for 2014 and 2015, the bonus not granted for 2015. The amounts representing the Company's debts related to the support scheme towards RAAN and CET Govora were withheld for payment on the basis of Article 17 para. 5 of the Order of the President of ANRE no. 116/2013, as the suppliers (producers) have payment obligations towards the Company on the bonus support scheme.

The company requested from the suppliers (producers) who did not pay the overcompensation invoices, the agreement to carry out the compensation of reciprocal debts at their minimum level through the Institute of Management and Informatics (IMI) which manages all the information received from the taxpayers in a unitary way, based on the provisions of GD no. 773/2019.

The Producers (RAAN, CET Govora) did not agree with this way of extinguishing mutual claims and debts, which is why the Company applied and still applies the provisions of art. 17 para. 5 of the Order of the President of ANRE no. 116/2013 for the approval of the Regulation on the establishment of the method of collection of the contribution for high-efficiency cogeneration and payment of the bonus for electricity produced in high-efficiency cogeneration: *"where the producer has not paid in full to the support scheme administrator the resulting payment obligations in accordance with this Regulation, the support scheme administrator shall pay the producer the difference between the value of the invoices issued by the producer and the producer's payment obligations in respect of the support scheme, with an explicit mention of the amounts concerned on the payment document"* and withheld from the payment the support scheme amounts due.

CNTEE Transelectrica SA concluded with CET Govora SA an agreement for the compensation and payment by instalments of the amounts due from the overcompensation for 2011-2013 and the undue bonus for 2014 (Agreement No. C 135/30.06.2015 and Addendum No. 1/04.08.2015). The duration of the Agreement was 1 year (July 2015-August 2016) and provided for the right of the Company to calculate and collect penalties during the payment instalment period.

Under the Agreement, the Company's receivables from CET Govora SA were offset against the debts to CET Govora SA, represented by the cogeneration bonus for the period May 2014 - October 2015 withheld by applying the provisions of Article 17 paragraph 5 of the Order of the President of ANRE no. 116/2013 and the provisions of the Agreement, in the amount of 40,507,669.

Following the suspension in court, by Civil judgment no. 3185/27.11.2015, of ANRE Decision no. 738/28.03.2014 which established the amount of overcompensation for the period 2011-2013, CET Govora SA no longer complied with its obligations under the Agreement. As of 9 May 2016, general insolvency proceedings have been opened for CET Govora. In view of the provisions of Law no. 85/2014 - Insolvency Law, the Company has suspended, as of 9 May 2016, the application of the provisions of Article 17.5 of the Order of the President of ANRE no. 116/2013 approving the Regulation on the determination of the method of collection of the contribution for high efficiency cogeneration and payment of the bonus for electricity produced in high efficiency cogeneration and pays monthly to CET Govora the cogeneration bonus due by it. By Civil Decision no. 2430/05.10.2016, the High Court of Cassation and Justice upheld the appeal filed by ANRE against Civil Judgment no. 3185/27.11.2015, quashed in part the contested judgment and rejected the request for suspension filed by CET Govora. Thus, as of

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05.10.2016, the effects of ANRE Decision no. 738/28.03.2014 are no longer suspended, taking full effect.

Under these circumstances, the Company shall apply the provisions of Article 17 paragraph 5 of ANRE Order no. 116/2013 for mutual debts and claims arising after the insolvency proceedings, in the sense of withholding the bonus due to CET Govora SA up to the amounts related to the support scheme not paid to the Company.

Decrease in the balance of "**suppliers of fixed assets**" at 31 March 2024 compared to 31 December 2023 was due to payments falling due.

Payables to "**suppliers other activities**" are mainly represented by payables related to services provided by third parties that are not yet due, which have decreased since 31 December 2023.

As at 31 March 2024, the Company has no outstanding debts to suppliers (state budget, local budget or other public institutions).

The structure of debts recorded under "**other liabilities**" is as follows:

| | 31 March 2024 | 31 December 2023 |
|--|----------------------|-------------------------|
| Sundry creditors | 223,026,515 | 312,041,482 |
| Customers - creditors | 267,462,022 | 246,451,202 |
| Dividend payment | 179,469 | 192,977 |
| Liabilities - Short-term building leases | 8,674,803 | 8,641,987 |
| Liabilities - Long-term building leases | 4,337,402 | 6,481,491 |
| Other payables | 71,657,917 | 62,900,756 |
| Total | 575,338,128 | 636,709,895 |

- "Sundry creditors", amounting to **223,026,515** as at 31 March 2024, mainly represent:
 - net position of the support scheme for high efficiency cogeneration, debt position, in the amount of 200.383.390, The net position of the support scheme is the difference between:
 - the amount of the contribution to be collected from the electricity consumers' suppliers, the amount of overcompensation of the high-efficiency cogeneration electricity and heat production activity, the undue bonus to be collected from the producers, according to ANRE decisions, on the one hand, and
 - the amount of the cogeneration bonus, the pre-compensation and the unpaid bonus to be paid to high-efficiency cogeneration producers, beneficiaries of the support scheme, on the other hand
 - 12,432,505 solution study contracts for connection to the RET,
 - 6,767,682 amount collected by the OTS (electricity transmission operator, i.e. the Company) to be paid to the DOs (electricity distribution operators) on the basis of ANRE decisions, representing the CPT caused by the additional energy transits in the networks of the concessionary distribution operators at the voltage level of 110 kV, for the quota allocated to the generators owning plants with installed capacity greater than 5 MW connected to the respective distribution networks, according to the Order of the ANRE President no. 82/02.08.2023,
 - 1,714,067 royalty quarter I 2024 and others.
- "Trade accounts receivable" as at 31 March 2024 amount to **267,462,022**, of which 267,177,353 represent amounts received in advance in transactions relating to the price coupling mechanisms, ICP (Interim Coupling Project), SIDC (Single Intraday Coupling), SDAC (Single Day-ahead Coupling) and FBMC (Flow Based Market Coupling), from JAO (9,043), OPCOM (8,931,781), MAVIR (75,992,716) and IBEX (182,243,813).
- As at 31 March 2024, the unpaid dividends due to the Company's shareholders amount to **179,469**. These amounts are available to shareholders via the paying agent.
- As at 31 March 2024, the **liability for fixed assets related to the rights of use of leased assets - buildings**, as per IFRS 16 - Leases, amounts to 13,012,205, of which:
 - short-term debt: 8,674,803;
 - long-term debt: 4,337,402.
- "Other payables" amounting to **71,657,917**, are mainly represented by guarantees of good payment of contracts on the electricity market concluded by CNTEE Transelectrica SA in the amount of 45,168,342, VAT not due in the reporting period in the amount of 26,215,411 and others.

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As at 31 March 2024 and 31 December 2023, the provision situation is as follows:

| | 31 March 2024 | 31 December 2023 |
|----------------------------------|----------------------|-------------------------|
| Provisions for litigation | 24,601,016 | 24,601,016 |
| Provisions for mandate contracts | 38,404,075 | 40,490,875 |
| Other provisions | 109,292 | 114,100 |
| TOTAL | 63,114,383 | 65,205,991 |

Provisions for litigation outstanding as at 31.03.2024, amounting to 24,601,016, are mainly represented by provisions for the following litigation:

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

On 26.06.2020, Nuclearelectrica sued the Company for the payment of 1,290,533.156 RON representing negative imbalance and 182,251.94 RON, legal interest.

After several adjournments (26.06.2020, 16.10.2020, 11.12.2020), for various reasons, at the adjournment of 22.12.2020, the Court ordered the Company to pay to the plaintiff the amount of 1,290,533.156 RON, as compensatory damages, and to update this amount with the inflation rate as of 27.09.2018 until the date of actual payment, to pay the sum of 182,251.94 RON as statutory penalty interest calculated from 27.09.2018 until 31.01.2020, and to pay further statutory penalty interest calculated from 01.02.2020 until the date of actual payment. It also ordered the defendant to pay to the applicant the sum of 23,441.66 RON by way of court costs, consisting of a court stamp duty. Dismissed the defendant's application for costs as unfounded. Subject to appeal within 30 of days of notification. (Decision 2698/2020 22.12.2020).

CNTEE Transelectrica SA has filed an appeal. In the hearing of 25.11.2021, the Bucharest Court of Appeal passes the appeal. Partially alters the civil judgment under appeal to the effect that: Dismisses the application as unfounded. Upholds the order of the first instance dismissing as unfounded the defendant's application for costs. Orders the respondent-respondent to pay to the appellant-respondent the sum of EUR 20,591.66 by way of costs of the appeal. Subject to appeal within 30 days from the communication, the appeal application to be filed at the Bucharest Court of Appeal - Civil Department VI.

Nuclearelectrica appealed, and the appeal was suspended pending resolution of the action for annulment of the order. Trial date 12.10.2022.

Pursuant to Article 413 para. (1) of the Civil Procedure Code, suspends the appeal brought by the appellant SOCIETATEA NAȚIONALĂ NUCLEARELECTRICA S.A. against civil decision no. 1927/A/25.11.2021, rendered by the Bucharest Court of Appeal - Sixth Civil Department, until the final resolution of case no. 2659/2/2020, pending before the High Court of Cassation and Justice - Administrative and Fiscal Litigation Department. Definitive.

"Provisions for mandate contracts" in the amount of 38,404,075, as of March 31, 2024, represent:

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

"Other provisions" in the amount of 109,292 represent unused holiday leave.

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11. Other taxes and social security contributions

At 31 March 2024 and 31 December 2023, other taxes and social security liabilities comprise:

| | 31 March 2024 | 31 December 2023 |
|---------------------------------------|-------------------|-------------------|
| Contribution to social security funds | 10,505,793 | 14,531,541 |
| Payroll tax | 1,914,258 | 2,615,461 |
| Other taxes payable | 1,466,088 | 1,360,733 |
| Total | 13,886,139 | 18,507,735 |

As of March 31, 2024, the Company has liabilities for social security fund contributions, payroll tax and other taxes that were due and payable in April 2024.

12. Corporate tax

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

The corporate tax expense for Q1 2024 and Q1 2023 is presented as follows:

| | Q I 2024 | Q I 2023 |
|------------------------|-------------------|-------------------|
| Current corporate tax | 20,970,745 | 20,947,360 |
| Corporate tax deferred | 2,825,737 | (4,175,161) |
| Total | 23,796,482 | 16,772,199 |

13. Operating income

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

The tariffs approved by ANRE for the services provided on the electricity market for the first quarter of 2024 and the first quarter of 2023 are as follows:

| | Average tariff for transport service | Tariff for system service |
|---|--------------------------------------|---------------------------|
| Order No 109/20.12.2023 for the period 01 January - 31 March 2024 | 31.67 ^{*)} | - |
| Order No 116/20.12.2023 for the period 01 January - 31 March 2024 | - | 9.17 ^{**)} |
| Order No 33/23.03.2022 for the period 01 January - 31 March 2023 | 28.10 | - |
| Order No 144/21.12.2022 for the period 01 January - 31 March 2023 | - | 7.73 |

^{*)} The tariff for the transmission service of 31.67 RON/MWh, in force as of 1 January 2024, includes the main component of 30.41 RON/MWh and the component related to additional costs with CPT of 1.26 RON/MWh (ANRE Order no. 109/2023);

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

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

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The quantity of electricity delivered to consumers to which tariffs for services provided in the electricity market were applied is as follows:

| | <u>Q I 2024</u> | <u>Q I 2023</u> |
|--|-----------------|-----------------|
| Quantity of electricity delivered to consumers (MWh) | 13,226,870 | 13,005,406 |

The operating revenues realized in Q1 2024 and Q1 2023 are presented as follows:

| | <u>Q I 2024</u> | <u>Q I 2023</u> |
|---|----------------------|----------------------|
| Income from transport service | 424,418,944 | 367,980,051 |
| Revenue from the allocation of interconnection capacity | 45,045,196 | 102,258,665 |
| Revenue from reactive energy | 406,420 | 3,422,681 |
| Income from Inter TSO Compensation (ITC) | 4,161,746 | 422,453 |
| Income from CPT transactions | 28,567,822 | 12,865,886 |
| Income from transport service - total | 502,600,128 | 486,949,736 |
| Income from system services | 123,763,420 | 100,644,860 |
| Income from emergency aid | 3,035,527 | - |
| Income from system services - total | 126,798,947 | 100,644,860 |
| Income on the balancing market | 1,332,367,628 | 507,918,766 |
| Income from other services and other operating income | 19,077,975 | 12,282,471 |
| Income from capitalisation of CPT | 7,369,139 | - |
| Other income | 26,447,114 | 12,282,471 |
| Total operating income | 1,988,213,817 | 1,107,795,833 |

Income from transport service

Revenues from the transmission service increased in the first quarter of 2024 compared to the first quarter of 2023 by 56,438,893, due both to the increase in the average tariff for the transmission service approved by ANRE (see the table on tariffs approved by ANRE for the period under review, presented above) and to the increase in the quantity of electricity delivered to consumers by 1.70%, i.e. by 221,464 MWh.

Revenue from the allocation of interconnection capacity

Revenue from interconnection capacity allocation decreased in Q1 2024 compared to Q1 2023 by 57,213,469, corresponding to the level of utilisation of available interconnection capacity by traders in the electricity market.

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

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

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

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

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

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

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

Income from Inter TSO Compensation (ITC)

Most of the revenue from the ITC mechanism comes from scheduled electricity exchanges with countries considered to be the perimeter of the mechanism, namely Ukraine and the Republic of Moldova. In general, Romania is a paying country under the mechanism, but exceptionally, revenue can also be recorded from monthly settlements.

Thus, in Q1 2024, the revenue recorded as a result of the ITC mechanism increased by 3,739,293 compared to Q1 2023, driven by:

- change in the tariff for trade with perimeter countries from 15.06.2023, from 1.2 EUR/MWh to 3 EUR/MWh, leading to an increase in revenue compared to the same period last year;
- energy exchanges recorded in the analysed period of 2024 with both perimeter countries (Ukraine and the Republic of Moldova), as opposed to the similar period of 2023, when exchanges were only with the Republic of Moldova.

Income from CPT transactions

Energy trading revenues for CPT were mainly derived from the sale of surplus energy resulting from the difference between the long- and medium-term forecast and the short-term forecast on the Intraday Market administered by OPCOM and from the difference between forecast CPT and actual CPT achieved on the Balancing Market, respectively. These revenues were higher in Q1 2024 compared to Q1 2023 by 15,701,936.

In the structure of these revenues, transactions on the Intraday Market were lower than in the previous year, as a large part of the required CPT was purchased on the long-term markets through the Centralised Electricity Purchase Mechanism (CEPA) mechanism, and prices on the short-term markets decreased compared to the previous year, with negative price intervals. Revenues from transactions on the Balancing Market were significantly higher than in the same period of the previous year, given that the energy system was predominantly in surplus during the period under review, leading to significant negative prices on the Balancing Market.

Income from system services

Revenues from system services increased in the first quarter of 2024 compared to the first quarter of 2023 by 23,118,560, due both to the increase in the tariff approved by ANRE for these services (see the table on tariffs approved by ANRE for the period under review, presented above) and to the increase in the quantity of electricity delivered to consumers by 1.70%, i.e. by 221,464 MWh.

In Q1 2024, system service revenues were higher by 18,392,841 compared to the system service purchase expenses incurred.

For the system services activity, the specific regulatory framework contains regularisation mechanisms that ensure the compensation of the excess or shortfall of revenues in relation to the level of expenditure necessary to carry out that activity. Thus, according to ANRE's regulations, the surplus/deficit of revenue compared to the recognized costs resulting from this activity is to be compensated by an ex-post tariff correction (negative/positive correction) applied by ANRE in the tariff in the years following the one in which the surplus/deficit was recorded. The surplus/deficit of revenue over costs resulting from the performance of this activity is calculated per tariff programming period.

Income from emergency aid

In the first quarter of 2024, 3,035,527 in emergency aid was granted to Ukraine (March), against the backdrop of damage to the country's energy infrastructure as a result of armed conflict.

Income on the balancing market

Revenues realised on the balancing market increased significantly in Q1 2024 compared to Q1 2023, by 824,448,862, mainly due to the following:

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- accelerated increase in installed capacity at prosumers, from around 420 MW at the beginning of 2023 to around 1500 MW at the beginning of 2024, which, in terms of impact on the system, corresponds to a reduction in consumption;
- lack of control/monitoring at the funder level for the production of the prosumers they have in their portfolio and little concern for estimating/adjusting prosumer production forecasts in relation to the contractual position;
- low degree of adjustment of the production of renewable energy producers with the net contractual position (we mention here also producers who are beneficiaries of green certificates, based on the provisions of Law 220/2008);
- a sharp increase in supply prices in the balancing market (upwardly positive and downwardly negative), with an impact on the marginal prices recorded in particular in the case of energies activated for secondary balancing and in the case of energies activated on the rapidly declining tertiary market in situations of strong surplus production;
- in a predominantly oversupplied system, the balancing market is characterised by a high volume of curtailment selections and significant negative prices in the Balancing Market, resulting in significant revenues for generators that have offered negative curtailment prices and considerable costs for generators that have positive imbalances;
- the evolution of contractual imbalances recorded at the level of electricity suppliers in the balancing market;
- hydraulic evolution;
- the evolution of electricity production and consumption.

Income from capitalisation of own technological consumption (CPT)

According to Article III of *GEO no. 119/2022 amending and supplementing GEO no. 27/2022 on measures applicable to end customers in the electricity and natural gas market for the period 1 April 2022 - 31 March 2023, as well as amending and supplementing certain regulatory acts in the field of energy, and approved by Law no. 357/13.12.2022*, for licensed economic operators providing electricity transmission services, the additional costs for the purchase of electricity made in the period from 1 January 2022 to 31 March 2025, in order to cover their own technological consumption, compared to the costs included in the regulated tariffs, shall be capitalised on a quarterly basis, and the assets resulting from the capitalisation shall be depreciated over a period of 5 years from the date of capitalisation.

Thus, as of March 31, 2024, the Company has recorded CPT capitalization revenues in the amount of 7,369,139, representing additional CPT calculated as the difference between the net cost of CPT acquisition and the cost of CPT included in the regulatory tariff, for the period from January 1 to March 31, 2024.

14. System operation and balancing market expenses

Expenditure in Q1 2024 compared to Q1 2023 is as follows:

| | Q I 2024 | Q I 2023 |
|--|----------------------|--------------------|
| Expenditure on own technological consumption | 142,894,599 | 147,249,884 |
| Expenditure on electricity consumption in RET stations | 14,240,028 | 11,076,496 |
| Expenditure on Inter TSO Compensation (ITC) | 11,614,531 | 13,172,923 |
| Total operating expenditure | 168,749,158 | 171,499,303 |
| Expenditure on system services | 105,370,579 | 109,646,142 |
| Balancing market expenditure | 1,332,346,922 | 507,871,005 |
| Total | 1,606,466,659 | 789,016,450 |

Expenditure on own technological consumption

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

Expenditure on own technology consumption was lower by 4,355,285 in Q1 2024 compared to Q1 2023 due to a number of issues as follows:

- due to its characteristics, the Own Technological Consumption (OTC) in the Electricity Transmission Network (ETN) is strongly dependent on weather conditions, the structure of electricity generation and consumption at national level, the distribution of electricity flows in the internal transmission network and on the interconnection lines with neighbouring power systems, and its value is very little if at all controllable in an interconnected and coupled regional power market;

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- following the provisions of GEO no. 153/2022 for the modification and completion of GEO no. 27/2022, CNTEE Transelectrica SA purchased electricity to cover 75% of the quantity related to the CPT forecast validated by the Centralised Electricity Purchase Mechanism (MACEE), at a regulated purchase price of 450 RON/MWh;
- accelerated growth in installed capacity at prosumers (from about 420 MW at the beginning of 2023 to about 1500 MW at the beginning of 2024), together with the increasing share of wind and solar power, have led to a decrease in consumption as well as in energy prices on the short-term markets. Thus, the average price of energy purchased from the PZU in the period January to March 2024 was significantly lower than the price in the same period of 2023.

Expenditure on electricity consumption in RET stations

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

This expenditure increased by 3,163,532 in Q1 2024 compared to Q1 2023.

Expenditure on Inter TSO Compensation (ITC)

ITC expenditure represents the monthly payment/collection obligations for each transmission system operator (TSO). These are established within the framework of the mechanism for the compensation/discount of the effects of using the electricity transmission network (RET) for transits of electricity between TSOs of countries that have joined this mechanism within ENTSO-E. In Q1 2024, these expenditures were lower by 1,558,392 compared to the same period last year.

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

Expenditure on system services

System services are purchased by the Company from producers in order to ensure the maintenance of the safe operation of the NES and the quality of the electricity transmitted at the parameters required by the technical standards in force, based on the needs established by the National Energy Dispatching (organizational unit within the Company) responsible for ensuring the stability and safety of the operation of the NES.

The procurement of system services is carried out both on a competitive basis through daily auctions, in accordance with the provisions of Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019, and on a regulated basis, based on ANRE Decisions (in the case of reserves for reactive energy).

In the first quarter of 2024, the contracting of system services under the regulated regime was carried out only for reactive energy, according to ANRE Decision no. 1078/2020, being provided by Societatea de Producere a Energiei Electrice în Hidrocentrale „Hidroelectrică” SA.

System services expenses decreased in Q1 2024 compared to Q1 2023 by 4,275,563. The purchase prices of system services in the competitive market in Q1 2024 remained around the following values:

- the average purchase price of the secondary regulation reserve at 78.37 RON/MWh;
- average purchase price of fast tertiary regulation reserve, power increase to 37.63 RON/MWh;
- average purchase price of the fast tertiary regulation reserve, power reduction to the value of 9.82 RON/MWh.

There was also a high level of concentration in the system services market for secondary reserve (SR) system services in Q1 2024.

For the next period of 2024, it is estimated that a significant impact on the evolution of costs for the purchase of system services through daily and one-way auctions, at CNTEE Transelectrica SA level, will be the evolution of ANRE's regulatory framework on the electricity market, as well as the European context of evolution of the electricity market.

Balancing market expenditure

The balancing market expenditure of 1,332,346,922 in Q1 2024 was significantly higher by 824,475,917 compared to Q1 2023. These expenses result from the notifications/realisations of the participants in this market and are significantly influenced by the evolution of national electricity production and consumption, the European context of the evolution of the electricity market and the way in which contracting in the pre-balancing market is carried out.

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*(All amounts are in RON, unless otherwise indicated)***15. Depreciation**

| | Q I 2024 | Q I 2023 |
|--|-------------------|-------------------|
| Depreciation of tangible and intangible assets | 65,425,620 | 63,266,168 |
| Amortisation expense on intangible assets - additional CPT | 17,613,102 | 16,926,334 |
| Depreciation of assets relating to rights to use leased assets | 1,988,060 | 1,988,059 |
| Total | 85,026,782 | 82,180,561 |

Depreciation expense on tangible and intangible fixed assets in the amount of 65,425,620 represents the depreciation recorded in the first quarter of 2024, calculated at the revalued amount of the assets as at 31 December 2023, correlated with the commissioning of investment works and the handover of assets.

Expenses with amortization of intangible assets - additional CPT in the amount of 17,613,102 were recorded in accordance with the provisions of OMF no. 3900/2022 on the approval of accounting clarifications in application of the provisions of Article III of GEO no. 119/2022 for the amendment and completion of GEO no. 27/2022 *on measures applicable to final customers in the electricity and natural gas market in the period from 1 April 2022 to 31 March 2023, as well as for the amendment and completion of certain regulatory acts in the field of energy.*

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

Amortisation of intangible assets recognised under IFRS 16 in the amount of 1,988,060 (the Company operates partly in rented office premises). According to *IFRS 16 - Leases*, the right of use of the premises leased by the Company in the Platinum office building on str. Olteni nr. 2-4, as an asset valued at the level of the rent to be paid by the end of the lease. The asset recognised under IFRS 16 is depreciated at the monthly rental rate and is recorded under the indicator 'depreciation and amortisation of tangible and intangible assets'.

16. Staff expenditure

| | Q I 2024 | Q I 2023 |
|---|-------------------|-------------------|
| Expenditure on staff salaries | 77,590,703 | 64,909,443 |
| Social expenditure | 435,541 | 943,690 |
| Expenditure on employee vouchers | 4,413,640 | 3,388,050 |
| Expenditure related to the mandate contract and other committees, commissions | 1,109,125 | 1,202,196 |
| Insurance and social protection expenditure | 6,038,828 | 4,905,495 |
| Provisions for salary and similar charges | (2,091,608) | (826,196) |
| Other expenses | 88 | 7,242 |
| Total | 87,496,317 | 74,529,920 |

Total staff costs incurred in Q1 2024 show an increase compared to Q1 2023, mainly due to increases in some expenditure items such as: expenses on staff salaries, expenses on vouchers granted to employees, expenses on insurance and social protection, as well as the reversal to income of part of the provisions set up for executive and non-executive directors dismissed, representing the variable component related to the OAVT packages allocated and unused during the period of the mandates executed in the period 2013-2017 and compensation provided for in the mandate contracts concluded in 2020 for the period 2020-2024, together with payments made on the basis of enforceable court judgments received by the Company.

17. Other operating expenditure

| | Q I 2024 | Q I 2023 |
|--|-----------------|-----------------|
| Other expenditure on services provided by third parties | 30,261,636 | 24,578,351 |
| Postage and telecommunications charges | 240,675 | 192,358 |
| Expenditure on royalties and rents | 1,779,623 | 1,566,484 |
| Operating (net) expenses on impairment adjustments for current | (209,444) | (27,652) |

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| | Q I 2024 | Q I 2023 |
|--|-------------------|-------------------|
| assets | | |
| Other expenditure, of which: | 24,613,079 | 19,629,854 |
| - losses on receivables and sundry debtors | 2,659,863 | - |
| - expenditure (net) on provisions for other operating charges | (8,890) | (11,834) |
| - expenditure on compensation under mandate contracts/ OAVTs as per court decision | 1,485,486 | 799,429 |
| -expenditure on taxes, duties and similar charges (ANRE tax, natural monopoly tax, other local taxes and duties) | 4,385,585 | 7,112,798 |
| - expenditure on goods | 3,413,061 | 668,759 |
| - expenditure on international dues | 1,883,841 | 1,746,824 |
| - travel expenses | 1,732,041 | 1,131,946 |
| - expenditure on energy purchased for administrative consumption | 1,449,903 | 337,184 |
| - sponsorship expenses | 1,456,100 | 177,574 |
| - other operating expenses | 6,156,089 | 7,667,174 |
| Total | 56,685,569 | 45,939,395 |

In Q1 2024, this expenditure increased by 10,746,174 compared to Q1 2023, mainly due to changes in some expenditure items such as:

- increase in some expenditure items, i.e. civil protection and security expenditure, expenditure on the implementation of pan-European codes, expenditure on Teletrans maintenance, expenditure on staff training, expenditure on goods, expenditure on energy purchased for administrative consumption etc.;
- reduction of certain items of expenditure, such as: expenditure on taxes, duties and similar charges, other non-tax-deductible operating expenditure etc.;
- recording of expenses related to FVOs paid on the basis of enforceable court judgments (performance bonus related to FVO certificates granted to former executive and non-executive members and not validated, remuneration under mandate contracts concluded in the period 2013-2017) and expenses paid on the basis of enforceable court judgments granted to former executive and non-executive members removed from office, representing compensation under mandate contracts concluded in 2020, for the period 2020-2024;
- recording of adjustments for impairment of receivables (ROMELECTRO SA), as well as reversal to income of adjustments for impairment of receivables (CET GOVORA SA), adjustments for impairment of inventories etc.

18. Net financial profit/loss

| | Q I 2024 | Q I 2023 |
|---------------------------------------|--------------------|---------------------|
| Interest income | 1,142,944 | 846,656 |
| Income from exchange rate differences | 997,817 | 15,757,182 |
| Other financial income | 40,946 | 288,268 |
| Total financial income | 2,181,707 | 16,892,106 |
| Interest expenditure | (830,231) | (1,318,583) |
| Exchange rate expenses | (1,432,746) | (13,945,376) |
| Other financial expenditure | - | (242,140) |
| Total financial expenditure | (2,262,977) | (15,506,099) |
| Net financial profit/loss | (81,270) | 1,386,007 |

As of March 31, 2024, the Company recorded a net financial result (loss) in the amount of 81,270. It was mainly influenced by the evolution of the exchange rate of the national currency against the foreign currencies in which the Company has contracted bank loans to finance investment programmes (Euro), in the context of the increase in interest income received during the period under review.

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

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As at 31 March 2024, in the total amount of 830,231 (interest expense), the amount of 140,640 represents interest calculated on fixed assets related to the rights of use of leased assets - buildings, as required by IFRS 16 - Leases.

The exchange rate of the national currency recorded on 31 March 2024 compared with that recorded on 31 March 2023 is as follows:

| Currency | 31 March 2024 | 31 March 2023 |
|------------|------------------|------------------|
| RON / Euro | 4.9695 | 4.9491 |

19. Litigation and contingencies

Management regularly reviews the situation of ongoing litigation and, in consultation with its legal representatives, decides whether it is necessary to create/cancel provisions for the amounts involved or to disclose them in the financial statements.

Based on existing information, the Company's management believes that as of the date of these statements, there is no significant pending litigation in which the Company is a defendant, except for the following:

• REGIA AUTONOMĂ PENTRU ACTIVITĂȚI NUCLEARE (RAAN)

The Mehedinți Court - Second Civil, Administrative and Fiscal Litigation Department has registered case no. **3616/101/2014**, with the subject matter "claims in the amount of 1,090,831.70 RON, consideration of invoice no. 1300215/31.12.2013", in which the Company is the defendant, the plaintiff being Regia Autonomă pentru Activități Nucleare - RAAN.

By civil judgment no. 127 delivered on 10.10.2014, the Mehedinți Court ordered the admission of the claim made by the Plaintiff RAAN and ordered the Company to pay the amount of 1,090,831.70 RON, the consideration of invoice no. 1300215/31.12.2013.

The company appealed and requested the Court, in its judgment, to allow the appeal in the form in which it was lodged, to set aside the contested decision and judgments and to refer the case to the court having territorial jurisdiction to hear it, to declare that the requirements of Article 1616-1617 of the Civil Code, for which reason it is requested to declare that the mutual debts are offset and extinguished up to the amount of the smallest of them, in this case the total amount requested by the applicant in the application, order the respondent-appellant to pay the costs of this appeal.

The appeal was registered with the High Court of Cassation and Justice, which decided to quash decision no. 843/2015 and referred the case to the same court, the Court of Appeal of Craiova, for retrial.

By decision no. 124/2017, the Court of Appeal of Craiova admitted the appeal filed by Transelectrica and overturned the sentence no. 127/2014 pronounced by the Court of Mehedinți, and the case was sent for retrial to the Court of Bucharest - Civil Department VI. The case was registered at the Bucharest Court under no. **40444/3/2017**, which by civil judgment no. 4406/04.12.2017 ordered the admission of RAAN's claim and obliged Transelectrica to pay the amount of RON 1,090,831.70. The sentence was appealed. The trial date has been set for 13.12.2018.

In 2014-2015, the Company withheld the bonus due to RAAN on the support scheme, based on the provisions of the ANRE regulations, i.e. art.17 paragraph 5 of the ANRE Presidential Order no.116/2013.

Under these circumstances, RAAN calculated penalties for non-payment of the cogeneration bonus due, in the amount of 3,496,914 RON, withheld from payment by the Company on account of uncollected receivables. The amount of 3,496,914 RON was refused for payment by the Company and was not recorded as a debt under the support scheme.

The subject of the file **number 9089/101/2013/a152** is a challenge against the Supplementary List of Claims against the debtor RAAN, the amount in dispute being 89,360,986 RON.

Transelectrica SA was entered in the panel of the debtor RAAN with the amount of 11,264,777 RON, in the category of claims resulting from the continuation of the debtor's activity, the amount requested by the Company being 89,360,986 RON. The amount of 78,096,209 RON was not entered in the preliminary table of receivables, on the grounds that "it does not appear as due in RAAN's accounting records" Moreover, the judicial liquidator considered that the request for the inclusion in the table of the amount of 78,096,209 RON is late, being related to the period 2011 - 2013, which is why the statement of claim should have been made at the time of the opening of the insolvency proceedings, namely on 18.09.2013. An objection to the Supplementary Table of Claims was lodged within the legal time limit and the Mehedinți Court granted the evidence of an expert accountant.

On 14.06.2018, the case was adjourned until the resolution of case no. **3014/2/2014** pending before the ÎCCJ, and on 14.02.2019, the Mehedinți Court ordered the joining of case no. 9089/101/2013/a152 to case no. 9089/101/2013/a140 (concerning claims - request for payment). Thus, the trial of the case was postponed, as the court considered that it was useful to solve the case by presenting the civil decision no. 2969/26.09.2018, ruled by the High Court of Cassation and Justice in case no. 3014/2/2014, having as object the annulment of ANRE President decision no. 743/2014.

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The solution of the Mehedinți Court by Judgment 163/20.06.2019 is: Passes the plea of forfeiture. The main action and the related appeal are allowed in part. Orders the defendant to pay to the applicant the sum of 16,950,117.14 RON, a claim arising in the course of the proceedings, and orders that it be entered in the creditors' table against the debtor RAAN for that amount. Dismisses the remainder of the related claims. Pursuant to Art. 453 para 2 from the civil procedure code Orders the defendant to pay the applicant's costs of 1000 RON. Subject to appeal. Delivered in open court. Document Decision 163/20.06.2019.

Transelectrica appealed within the legal time limit. At the trial date of 06.11.2019, the Court of Appeal of Craiova dismissed Transelectrica's appeal as unfounded. Final decision. Decision 846/06.11.2019.

Transelectrica has filed an application for review on the grounds of inconsistency of judgments, registered under case number **1711/54/2019**, with a trial date of 26.03.2020 at the Court of Appeal of Craiova, which is to send the case to the High Court of Cassation and Justice for competent resolution.

On 26.03.2020, the trial was adjourned to 21.05.2020.

On 21.05.2020, the case was removed from the docket with the following solution: the challenge of lack of material jurisdiction of the Craiova Court of Appeal was admitted and the case was referred to the ICCJ - Administrative and Fiscal Litigation Department. Decision 140/21.05.2020. Court date 03.02.2021.

At the trial on 03.02.2021, the ICCJ admitted the objection of lateness of the application for review and did not rule on its inadmissibility.

There are also 4 other cases between RAAN and Transelectrica at different stages of the proceedings.

In RAAN's bankruptcy case registered under no. **9089/101/2013**, the Mehedinți Court postponed the trial dates of 08.10.2020 and 04.02.2021. Summary of the solution: time was granted to continue the liquidation proceedings, to represent the debtor's interests in the litigation pending before the courts, to consolidate the creditor's assets, to continue the measures to recover debts, to continue the public auctions for the recovery of the debtor's assets.

The case is adjourned to 14.10.2021, the summary judgment being: "grant a time limit for the continuation of the proceedings, i.e. for the recovery of the assets and the completion of the other liquidation operations."

The case is adjourned to 10.02.2022, the summary judgment being: "for the conduct of the proceedings, i.e. the valuation of assets, the collection of claims and the performance of other liquidation operations, the parties shall be summoned by the BPI" and the following trial date is set for 02.06.2022.

Trial date for further proceedings: **06.06.2024**.

• COURT OF AUDITORS OF ROMANIA

Following an audit carried out in 2013, the Court of Auditors ordered certain measures to be implemented by the Company as a result of certain deficiencies found during the audit. The decision and the conclusion issued by the Court of Accounts have been appealed to the Bucharest Court of Appeal, and the case file no. **1658/2/2014** has been created, which has as object "annulment of control acts" - Decision no. 7/20.02.2014 issued by the Court of Accounts.

At the hearing on 13.06.2018, the action brought by the plaintiff-Transelectrica SA is allowed in part. Annuls in part Decision No 7/20.02.2014, Decision No 37/9.12.2013 and inspection report No 35521/6.11.2012 issued by the defendant in respect of the measures ordered by the decision referred to in paragraph 1 above. 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 at 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 at points I.1, I.6, I.8 and I.11. II.13 in the sense of removing the phrase "including those found in the case of invoices issued by FLOREA ADMINSTRARE IMOBILIARĂ SRL". Dismisses the remainder of the applicant's petition as unfounded. Approves the electro-energetic technical expertise report drawn up by expert Toaxen Vasile. Orders the defendant to pay to the applicant the sum of 121,375 RON in costs (part of the expert's fee and the court stamp duty). Document resolution 2771/13.06.2018.

Transelectrica filed an appeal on 14.06.2019.

At the public sitting of 21.10.2020, the appeals brought by the applicant and the defendant against judgment No 2771 of 13 June 2018 of CAB - Eighth Department - are dismissed as unfounded. Definitive.

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

Appeal against Decision CCR No 8/27.06.2017.

Following an audit carried out in 2017, the Court of Auditors ordered certain measures to be implemented by the Company as a result of some deficiencies found during this audit. The company filed several appeals against the measures ordered by the Romanian Court of Accounts (CoA) by Decision no. 8/27.06.2017, requesting their annulment, as well as the Decision no. 77/03.08.2017, registered at the Company's registry under no. 29117/08.08.2017, respectively the Control Report no.19211/26.05.2017. The appeals were filed with the Bucharest Court of Appeal, including case no. **6581/2/2017** concerning the annulment of the findings in point 6 and the measure ordered in point II.9, at the trial date of 31.03.2023: According to the minutes of 29.03.2023, case no. **6581/2/2017** has been registered in the 12th Full Bench of the Administrative and Tax Division VIII under

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no. **6581/2/2017*** Summary of the solution: In order to give the parties the opportunity to submit written pleadings and to deliberate, adjourn the case to the following dates 31.03.2023, 13.04.2023, 28.04.2023, 12.05.2023.

At the hearing on **26.05.2023**, the application was allowed. Annulled in part Decision No 77/03.08.2017, in so far as it rejected point 6 of Appeal No 26140/17.07.2017, Decision No 8/27.06.2017 with regard to the findings in point 6 and the measure ordered in point 11.9, and Inspection Report No 19211/26.05.2017 with regard to the findings in point 3.2. Orders the defendant to pay the applicant's costs in the total amount of 10,450 RON, representing the court's stamp duty and the expert's fees. Subject to appeal within 15 days of notification. Decision 920/2023 26.05.2023.

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

Between January and July 2020, the Romanian Court of Accounts carried out an audit at all the Territorial Transmission Units of CNTEE Transelectrica, and between 25.05-27.08.2020, the audit continued at the executive headquarters of the Company. The theme of the CCR's control action was "the control of the situation, evolution and management of the public and private assets of the state, as well as the legality of the realization of revenues and expenditure for the period 2017-2019" at CNTEE Transelectrica SA.

After the completion of the control on the management of public and private assets of the state, as well as the legality of the realization of income and expenditure for the period 2017-2019, control completed on 06.10.2020, the Control Report no. 40507/06.10.2020 and on 09.11.2020, the Court of Accounts of Romania, through Department IV, issued Decision no. 15 containing 10 measures, with a trial date of 31.05.2021, which was extended by the CCR at the request of the Company until 31.12.2021.

The company raised objections and filed Objection No. 50090/26.11.2020, registered at the Court of Auditors under No. 139775/26.11.2020, requesting the annulment of the measures. Following the examination and analysis by the CCR auditors of the Appeal filed by the Company, by Decision No 2 of 10.03.2021, the annulment of one of the 10 measures ordered was admitted.

On 02.04.2021, the Company filed an appeal for the annulment of the administrative act, file registered at the Bucharest Court of Appeal under no. **2153/2/2021**.

At the hearing on 10.12.2021, the CAB rejects the application brought by the applicant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE "Transelectrica" SA against the defendant CURTEA DE CONTURI A ROMÂNIEI as unfounded. Dismisses the application for suspension as unfounded. With a right of appeal within 15 days of notification and with a right of appeal within 5 days of notification as regards the head of claim concerning the suspension; the request for appeal to be filed with the Bucharest Court of Appeal.

On 24 July 2023, the Company was notified of the judgment and on 10.08.2023 it filed an appeal with a trial date for judgment on 07.03.2024.

At the hearing of 07.03.2024, ICCJ dismisses the appeal filed by the applicant Compania Națională de Transport al Energiei Electrice „Transelectrica” SA against Judgment no. 1889 of 10 December 2021 of the Bucharest Court of Appeal - Ninth Administrative and Fiscal Department, as unfounded. Definitive. Delivered today, 07 March 2024, by making the decision available to the parties through the court registry.

• OPCOM

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

By its application, the plaintiff CNTEE Transelectrica SA requested the court to order in its judgment:

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

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

- orders the defendant OPCOM SA to pay the costs.

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At the hearing of 03.07.2020, the court put to the parties the request for a stay of proceedings in case no. 22567/3/2019, made by OPCOM, and the case remained pending.

At the hearing on 17.07.2020, the court gave the following summary judgment: Suspends the proceedings until the final resolution of the case no. 31001/3/2017, concerning the action for annulment of the Opcom AGM decision (to which Transelectrica is not a party and in which on 01.02.2021 the appeals filed were dismissed, the decision being final). Subject to appeal for the duration of the suspension. Delivered by making the judgment available to the parties through the Court Registry today 17.07.2020. Document: Resolution - Suspension 17.07.2020.

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

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

At the trial date of 11.04.2022, the court put to the parties the objections raised by CNTEE Transelectrica SA in its statement of defence. The proposed evidence to be administered in this case was also discussed at this time. The Court adjourned the case to the date set for 22.11.2022, in order to take evidence with the financial-accounting expert to be carried out in this case. After several postponements, the next trial date is set for 27.06.2023 for missing expert report. On the date of 27.06.2023, on the basis of the decision of the General Assembly of Judges of the Bucharest Tribunal no. 4/20.06.2023, the case is adjourned and the next date is set for 10.10.2023. The court adjourned the case to the time fixed for 07.11.2023.

At the trial date of 07.11.2023, the court's decision is: Qualifies the plea of inadmissibility as a substantive defence. Dismisses the application as unfounded. With the right to appeal, within 30 days from the communication to the parties, the appeal to be filed at the Bucharest Court, Civil Department VI. Ruled today, 07.11.2023, pursuant to Article 396 (2) C.P.Civ. by making the decision available to the parties at the court registry.

• CONAID COMPANY SRL

In 2013, Conaid Company SRL sued CNTEE Transelectrica for its unjustified refusal to sign an additional deed to the connection contract or a new connection contract and claimed compensation for expenses incurred up to that time in the amount of 17,419,508 RON and unrealized profits for the period 2013-2033 in the amount of 722,756,000 EUR. So far, the Company has not concluded an additional deed to the connection contract as the suspensive conditions included in the contract have not been fulfilled by Conaid Company SRL. A new connection contract should have been concluded by 11 March 2014, when the technical connection notice expired. Case no. 5302/2/2013 was filed before the Court of Cassation and Justice, Administrative and Fiscal Litigation Department, with the object of obliging the issuance of an administrative act, procedural stage - appeal, trial date for judgment being 09.12.2015. At that time, the High Court of Cassation and Justice allowed the appeals in principle and set the trial date for the appeals on the merits on 8 April 2016. Panel 4, with summons to the parties.

The case was adjourned to 17.06.2016, when the court remained in judgment, postponing the judgment to 29.06.2016, when it rendered Decision no. 2148/2016, ordering the following: "Rejects the objections raised by the appellant-claimant Conaid Company S.R.L., through the receiver RVA Insolvency Specialists SPRL and by the defendant-appellant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. Admit the appeal brought by the defendant Compania Națională de Transport a Energiei Electrice Transelectrica S.A. against the judgment of the hearing of 18 February 2014 and the civil judgment no. 1866 of 11 June 2014, delivered by the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII. Sets aside the judgment under appeal and the judgment in part and remits the case to the Bucharest Court - Civil Division VI for resolution of the applicant's action against the Compania Națională de Transport al Energiei Electrice Transelectrica S.A. Upholds the other provisions of the judgment as regards the applicant's action against the National Energy Regulatory Authority. Dismisses the appeals filed by the applicant Conaid Company S.R.L., through the receiver RVA Insolvency Specialists SPRL and by the intervener Duro Felguera S.A. against the civil judgment no. 1866 of 11 June 2014, rendered by the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII. Dismisses the appeal brought by the defendant Compania Națională de Transport de Energiei Electrice Transelectrica S.A. against the judgment of the Court of Appeal Bucharest - Administrative and Fiscal Litigation Department VIII of 25 March 2014. Definitive. Delivered in open court on 29 June 2016.

The case has been registered at the Bucharest Court - Civil Department VI under no. 12107/3/2017. By civil judgment No 4364/23.11.2017, the Court of First Instance accepts the plea of inadmissibility and dismisses the application as inadmissible. Dismisses the application for leave to intervene in the applicant's interests. Subject to appeal within 30 days of notification. The appeal was filed at the Bucharest Court, Civil Department VI and at the disposal of the parties through the registry on 23.11.2017. On 02.11.2018, a new application for a writ of summons was filed with the Bucharest Tribunal - Civil Department VI by Conaid Company SRL, in case no. **36755/3/2018**, in which the plaintiff requested the court to order Transelectrica SA to "compensate the damage caused to the plaintiff, as a result of the culpable non-performance of the obligations by the defendant, in the amount of

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17,216,093.43 RON, consisting of the damage actually suffered and the lost profit, provisionally estimated at 100,000 euros. In view of Transelectrica SA's unjustified refusal to conclude and sign an addendum to Contract No C154/27.04.2012, and in the event that the court finds that, from a formal point of view, the obligation concerning the suspensive conditions cannot be regarded as having been fulfilled by the applicant, that non-fulfilment is due solely to the fault of Transelectrica SA, the defendant having prevented the fulfilment of the conditions'.

At the trial date of 15.10.2019, rejects as unfounded the objections of lack of standing and lack of interest. Joins with the merits the exception of prescription. Subject to appeal along with the merits. Delivered by making the judgment available to the parties through the court registry.

Grant a trial date for the continuation of the trial on 26.11.2019, with summons to the parties. Subject to appeal along with the merits. Delivered by making the judgment available to the parties through the court registry.

Adjourned for expert evidence and sets a trial date to 21.01.2020.

On 21.01.2020, the case is adjourned for the expert's report and the next trial date is set for 31.03.2020.

At the trial date of 31.03.2020, the brief solution was as follows: Suspended by law under Article 42(6) of the Decree of the President of Romania 195/2020 on the establishment of a state of emergency on the territory of Romania, for the duration of the state of emergency.

After several adjournments, the next trial date is set for 28.09.2022 for the expert evidence.

On 28.09.2022, the case is adjourned for lack of reply to the objections and the next trial date is set for 07.12.2022.

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

On 03.05.2023, the case is adjourned to take cognizance of the reply to the objections and the next trial date is granted on 13.09.2023. A court date has been set for 06.12.2023.

On 06.12.2023, the Bucharest Court stayed the ruling, postponing the ruling to 20.12.2023, then to 03.01.2024 when it ordered the following: Rejects the request for an increase in the expert's fee made by exp. Chirilă Adelaida Adriana, as unfounded. The plea of the statute of limitations of the substantive right of action, raised in the application, is upheld. Dismisses the application as time-barred. Subject to appeal within 30 days of notification. The appeal is filed with the Bucharest Court, Civil Department VI. Delivered by the Court Registry, today, 03.01.2024.

• MUNICIPALITY OF REȘIȚA

Case No **2494/115/2018*** - Case No **2494/115/2018****, registered at the Court of Caras Severin, concerning an application for a writ of summons, by which the applicant Municipiul Reșița seeks an order that the defendant Transelectrica SA pay the following amounts:

- 2,129,765.86 RON, representing the rent for the area of land temporarily occupied from the forestry area for 2015;
- 2,129,765.86 RON, representing the land rent for 2016;
- 2,129,765.86 RON, representing the land rent for 2018;
- 2,129,765.86 RON, representing the land rent for 2019;
- 2,129,765.86 RON, representing the land rent for 2020;
- statutory penalty interest from the due date until actual payment.

Brief resolution: The plea of lack of territorial jurisdiction of the Court of Caraș-Severin is upheld. Declares that the Court of Bucharest has jurisdiction to hear and determine the action brought by the applicant Municipality of Reșița - through its Mayor - against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. No appeal under Article 132(3) of the Code of Civil Procedure. Delivered in open court. Decision 313/11.03.2019.

At the trial date of 25.10.2019, the plea of lack of territorial jurisdiction of the Court of Bucharest is admitted. Declares that the Court of First Instance of Caras-Severin has jurisdiction to hear and determine the case. Declares that there is a negative conflict of jurisdiction between the Court of Bucharest and the Court of Caras-Severin. Suspends the case and refers the case to the High Court of Cassation and Justice for resolution of the negative conflict of jurisdiction. No appeal. The judgment will be ruled by making it available to the parties through the court registry. Decision 2376/25.10.2019.

The High Court of Cassation and Justice at the term of 16.07.2020, by decision no. 1578, established the jurisdiction of the case in favour of the Court of Caraș Severin - Civil Department I.

At the hearing on 16.11.2020, the court adjourned the case and granted time to study the documents submitted at this hearing on the case file by the representative of CNTEE Transelectrica SA, setting a new hearing on 22.03.2021.

At the trial date of 22.03.2021, the brief solution is: Suspends the proceedings in the action brought by the applicant Municipality of Reșița, through the Mayor, against the defendant National Power Transmission Company 'Transelectrica' SA, concerning claims under Article 413(1)(1) of the Civil Procedure Code. Subject to appeal to the higher court for the duration of the stay of proceedings.

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The case has been adjourned until the final decision in case no. 3154/115/2018* of the Court of Caras Severin.

At the trial date of 19.01.2023, the short solution is: Dismisses the plea of untimeliness in so far as the defendant does not have standing to rely on the method of setting the stamp duty. Dismisses the plea of lateness of the application to amend the application for leave to appeal. Adjourns the discussion on the exception of the positive effect of res judicata until the time-limit for lodging in full the decision of the High Court of Cassation and Justice in Case No 3154/115/2018**. Adjourns the ruling on the requests for evidence consisting of the defendant's cross-examination and the expert's report. Adjourns the case and sets a trial date of 02.03.2023.

At the hearing on 02.03.2023, the summary decision is as follows: suspends the proceedings on the claim brought by the plaintiff Municipality of Resita, against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A., concerning claims. Subject to appeal throughout the time the judgment is suspended. The court ruled for the trial to be resumed and set a new date for 16.11.2023. A trial date has been set for 22.02.2024.

At the trial date of 22.02.2024, the court postpones the trial of the case to 14.03.2024 and subsequently, to **06.06.2024**, in order to return the file no. 2494/115/2018**, submitted for appeal to the Timisoara Court of Appeal, for when the parties have a term of notice under art. 229 of the Civil Procedure Code by the presence of the conventional representatives.

• SMART SA

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

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

At the trial date of 15.06.2023, a trial date is set for 09.11.2023. For lack of expert report, adjourns the case to 04.04.2024.

At the hearing of 04.04.2024, for lack of expert report, adjourns the case to **13.06.2024**.

• ANAF

In 2017, the general tax inspection started at Transelectrica SA on 14.12.2011 was completed, and covered the period from December 2005 to December 2010.

The general tax inspection started on 14.12.2011 and ended on 26.06.2017, the date of the final discussion with Transelectrica SA. Following the completion of the audit, ANAF - DGAMC established additional tax liabilities payable by the Company, namely corporate tax and VAT, as well as related accessory tax liabilities (interest/late payment surcharges and late payment penalties) in respect of system technology services (STS) invoiced by energy suppliers, which were deemed non-deductible following the tax inspection.

According to the Tax Decision no. F-MC 439/30.06.2017 in the total amount of 99,013,399 RON, ANAF - DGAMC has established additional tax obligations to be paid by the Company in the amount of 35,105,092 RON, as well as accessory tax obligations (interest/late payment surcharges and late payment penalties) in the amount of 63,908,307 RON.

In particular, the ANAF tax inspection report recorded the following additional payment obligations: corporate tax in the amount of 13,726,800 RON, as well as accessories, due for a number of unused invoices identified as missing (they were destroyed in the fire that broke out on the night of 26-27 June 2009 at the Millenium Business Center building in str. Armand Călinescu no. 2-4, District 2, where the Company was operating), documents with special regime.

These invoices were the subject of a dispute with ANAF, which issued a tax inspection report on 20 September 2011 estimating the VAT collected on a number of unused invoices identified as missing.

The company contested within the legal trial date, in accordance with OG no. 92/2003 on the Fiscal Procedure Code, the Tax Decision no. F-MC 439/30.06.2017.

ANAF issued the enforcement order no. 13540/22.08.2017 on the basis of which the additional payment obligations established by Tax Decision no. F-MC 439/30.06.2017 were enforced.

The company applied for the annulment of the enforceable title no. 13540/22.08.2017 at the Court of Appeal - file no. **7141/2/2017**. The solution in brief: Passes the objection of lack of material jurisdiction of the Bucharest Court of Appeal - SCAF. Declares that the District Court of District 1 Bucharest has jurisdiction over the case. No appeal. Delivered in open court on 08.02.2018. Document: Decision no.478/2018 of 08.02.2018.

Following the declination of jurisdiction, the Court of District 1 registered the case no. **8993/299/2018**, by which the Company challenged the enforcement of the enforceable title no. 13540/22.08.2017, which is based on the Tax Decision no. F-MC 439/30.06.2017.

Subsequent to the challenge by the Company of the tax administrative act Decision no. F-MC 439/30.06.2017, ANAF communicated to the Company Decision no. 122/13.03.2018 rejecting as unsubstantiated the challenge filed by CNTEE Transelectrica SA, the decision being received on 16.03.2018, after the filing of the application for legal action in case no. 1802/2/2018.

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The solution in brief: Grant the appellant's application for a stay of proceedings. On the basis of Article 413 para. (1) item 1 of the Civil Procedure Code suspends the proceedings until the final resolution of case no. 1802/2/2018, pending before the Bucharest Court of Appeal, Administrative and Fiscal Litigation Department VIII. Subject appeal for the duration of the suspension, the appeal request to be filed with the court of District 1 Bucharest. Delivered in open session - Document: Resolution - Suspension 17.04.2018.

The Court of Appeal is hearing case no. **1802/2/2018** in which the Company challenged the tax administrative act Decision no. F-MC 439/30.06.2017.

At the hearing on 06.11.2018, the expert evidence in the field of accounting and taxation was admitted. Trial date: 12.05.2020.

At the CAB hearing on 21.07.2020, the case was adjourned.

On 30.07.2020, the case was returned for further clarification.

At the hearing on 20.10.2020, the application was partially admitted with the following summary: the disputed claims were partially admitted, the Decision No 122/13.03.2018 on the settlement of the appeal against Tax Decision No F-MC 439/30.06.2017 issued by the National Tax Administration Agency - General Directorate for Dispute Resolution, Tax Decision No F-MC 439/30.06.2017 was partially annulled.2017, issued on 12.07.2017, by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Tax Decision No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers and Tax Inspection Report No. F-MC 222 concluded on 30.06.2017, which was the basis for issuing the tax decision, to the effect that: - cancels the obligation to pay corporate tax in the amount of 18,522,280 RON, VAT in the amount of 5,694,636 RON and the related tax accessories in the amount of 48,436,653 RON, tax obligations established for the 349 special tax invoices found to be missing from the applicant's management. - removes the non-deductible character in the calculation of the taxable profit of the amount of 27,001,727 RON, representing the technological system services invoiced by the energy suppliers, considered non-deductible following the tax inspection and the obligation to pay the main and accessory tax claims related to this amount. - removes the non-deductible nature for the calculation of taxable profit of the amount of 343,629.91 RON, representing "weed removal services" and the obligation to pay the main and accessory tax claims in relation to this amount - removes the non-deductible nature for the calculation of taxable profit of the amount of 230,685.491 RON, representing expenditure on products of a promotional and protocol nature and the obligation to pay the principal and accessory tax claims in respect of that amount - removes the non-deductibility of VAT in the amount of 46,417.1 RON, relating to the amount of 343.629,91 RON, representing 'weed removal services' and the obligation to pay the principal and accessory tax claims in respect of that amount - removes the non-deductibility of VAT in the amount of 37.693,88 relating to the sum of 230.685,49 RON, representing expenditure on products of a promotional and protocol nature and the obligation to pay the principal and accessory tax claims in respect of that amount - remove the reference to the obligation of the Sibiu Transmission Branch of CNTEE Transelectrica S.A to register the amount of 576,846.80 RON as taxable income, at the latest on 30.06.2010, the date on which the registration of the audited unit as a creditor with this amount was accepted, the mention relating to the character of taxable income for the calculation of the profit of the amount of 576,846.80 in accordance with the provisions of Article 19 para. 1 of Law No 571/2003 on the Fiscal Code, as subsequently amended and supplemented, in conjunction with point 23(d) of GD 44/2004 containing the Methodological Norms for the application of Law No 571/2003, the chapter on corporate tax and Chapter VII of Order No 3055 on the function of accounts of 29 October 2009 approving the Accounting Regulations in accordance with the European Directives and the obligation to pay the main and accessory tax claims in relation to this amount - removes from the Minutes the finding made with regard to the 'determination of the deductible value added tax lower than that recorded by the applicant, thus resulting in a difference in the amount of 13,141 RON' (Annex no. 15) and the obligation to pay the principal and accessory tax claims in relation to that amount - removes the obligation to pay the penalty for late payment which has a penal legal status, calculated for a period of more than 6 months from the date of the commencement of the tax inspection, in respect of the principal tax liabilities which have been upheld by the court by the present judgment, as established by Tax Decision No.F-MC 439/30.06.2017, issued on 12.07.2017, by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers, the Tax Assessment No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and by Decision No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers and by Decision No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for the Administration of Large Taxpayers. 122/13.03.2018, on the settlement of the appeal lodged against Tax Assessment No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for Dispute Resolution. Maintains the other provisions of Decision No 122/13.03.2018, on the settlement of the appeal lodged against Tax Assessment No. F-MC 439/30.06.2017, issued by the National Tax Administration Agency - General Directorate for Dispute Resolution, Tax Assessment No. F-MC 439/30.06.2017, issued on 12.07.f-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers, Tax Decision No. F-MC 439/30.06.2017, issued by the National Agency for Tax Administration - General Directorate for the Administration of Large Taxpayers. Dismisses the remainder of the applications as unfounded. Dismisses as unfounded the application for an award of costs in the form of a stamp duty. Orders the defendants, jointly and severally, to pay the applicant's costs in the amount of 4,000 RON, representing the fee for the expert's report in the accounting and tax field, in proportion to the admissibility of the claim. **Subject to appeal** within 15 days from the communication, the appeal request to be submitted to the Bucharest Court of Appeal. **Decision No 382/20.10.2020.**

The parties filed an appeal in March 2022.

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

At the sitting of 24.05.2022, the CAB rejects as unfounded the application for clarification and supplementing of the operative part. The application for rectification of the material error is granted in that the amounts of money in respect of the 349 tax invoices, as set out in the contested tax decision, are to be stated as being correct. Orders that the material error be rectified by removing the wrong name of the applicant from the contested judgment. Subject to appeal, within 15 days of notification.

The parties appealed. The case is in the filter procedure at the ICCJ. Trial date 13.12.2023.

On 13.12.2023, the ICCJ stayed its ruling until 20.12.2023 when, by judgment no. 6169/2023, it ordered the following:

✓ Passes the appeals brought by the applicant Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A., the defendant General Directorate for the Administration of Large Taxpayers and the defendant National Agency for Tax Administration against the civil judgment no.382 of 20 October 2020, delivered by the Bucharest Court of Appeal - Administrative and Tax Litigation Department VIII.

✓ Sets aside in part the judgment under appeal and, on retrial: Dismisses the application for annulment of the Decision on the settlement of the appeal No 122/13.03.2018 and of the Tax Assessment No F-MC 439/30.06.2017 concerning:

- withholding the non-deductibility of expenses in the amount of 343,629.91 RON, representing "weed removal services" and related VAT;

- the non-deductibility of 230,685 in respect of the value of promotional and protocol goods and the related VAT;

- the obligation to pay penalties for late payment which have a sanctioning legal status, calculated for a period of more than 6 months from the date of the start of the tax inspection.

✓ Sets the amount of the costs to which the defendants were jointly and severally liable at the sum of 6,000 RON, representing the fees for the expert's report in the field of accounting and taxation.

✓ Upholds the other provisions of civil judgment No 382 of 20 October 2020.

✓ Passes the appeals brought by the applicant Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A. and by the defendant General Directorate for the Administration of Large Taxpayers against civil judgment No 134 of 24 May 2022, delivered by the Bucharest Court of Appeal - Administrative and Fiscal Litigation Department VIII. Sets aside in part civil judgment No 134 of 24 May 2022 and,

on retrial:

✓ Passes in part the application for clarification and supplementing of the operative part of civil judgment No 382 of 20 October 2020, brought by the applicant, Compania Națională de Transport al Energiei Electrice Transelectrica S.A.

✓ Orders that the operative part of civil judgment No 382 of 20 October 2020 be supplemented with the following entries:

- also cancels Tax Inspection Report No. F-MC 222/30.06.2017 to the extent that the Tax Assessment No. F-MC 439/30.06.2017 was annulled;

- cancels the principal tax liabilities established for 2005 and the related ancillary liabilities, as the right of the tax authority to establish such liabilities is time-barred;

- cancels the tax administrative acts regarding the non-deductibility of the expenses with the benefit share of SMART.

✓ Removes the entries relating to the amounts of corporate tax and ancillary charges annulled in respect of the 349 tax invoices from both the judgment correcting the material error and the main judgment.

✓ Upholds the other provisions of civil judgment No 134 of 24 May 2022.

✓ Orders the appellants - defendants to pay to the appellant - plaintiff Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A. the sum of 200 RON as costs of the appeal.

Definitive. Delivered today, 20 December 2023, by making the judgment available to the parties through the Court Registry.

• OTHERS

The company is involved in significant litigation, in particular for debt recovery (e.g.: Total Electric Oltenia SA, Regia Autonomă de Activități Nucleare, Romenergy Industry SRL, Energy Holding SRL, UGM Energy Trading SRL, CET Iași, CET Bacău, CET Brașov, Elsaco Energy SRL, Arelco Power SRL, Opcom, Menarom PEC SA Galați, Romelectro SA, Transenergo Com SA, ENNET GRUP SRL and others).

The Company recorded impairment adjustments for customers and other receivables in dispute and for customers in bankruptcy.

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

i) Contingencies

At 31 March 2024, **contingent liabilities** amount to 36,761,877 RON. These relate to disputes concerning claims for additional costs following an increase in the minimum wage in the construction sector for investment contracts.

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- *File no 20780/3/2020 - applicant ENEROMONTAJ SA (7,092,389)*

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

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

At the trial date of 24.04.2023, the short solution is: "Passes in part the application for the summons brought by the applicant ELECTROMONTAJ SA against the defendant COMPANIA NAȚIONALĂ DE TRANSPORT AL ENERGIEI ELECTRICE TRANSELECTRICA SA. Orders the defendant to pay the applicant the sum of EUR 802,886.12, exclusive of VAT, representing the additional costs incurred as a result of the increase in the minimum wage in the construction sector to the sum of RON 3,000/month for work carried out under Works Contract No C54/27.02.2018 for the period January 2019 - January 2021. Orders the defendant to conclude an Addendum to the Works Contract No. C54/27.02.2018 having as object the updating of the Contract price by the amount of 1,468,039.77 EURO, excluding VAT, representing the costs generated by the increase of the minimum wage in the field of construction to the amount of 3,000 RON/month as from 01.01.2019. Dismisses the remainder of the application as unfounded. Orders the defendant to pay the applicant the sum of 171,104.06 RON by way of costs. Subject to appeal within 10 of days of notification. The application for appeal shall be submitted to the Bucharest Court, Civil Department VI. Ruled by making the judgment available to the parties through the court registry today, 24.04.2023. Document: Decision 1035/2023 24.04.2023."

Transelectrica has appealed. Trial date 27.10.2023.

At the trial date of 27.10.2023, the Bucharest Court of Appeal admits the appeal filed by the defendant-appellant Compania Națională de Transport al Energiei Electrice Transelectrica S.A. against the sentence no. 1035/24.04.2023, ruled in the case no.20780/3/2020 by the Bucharest Court - Civil Department VI. Reverses the judgment under appeal in its entirety in so far as it dismisses, as unfounded, the claim brought by the applicant Electromontaj S.A. against the defendant Compania Națională de Transport al Energiei Electrice Transelectrica S.A., as specified. Orders the defendant-appellant Electromontaj S.A. to pay to the respondent-appellant Compania Națională de Transport al Energiei Electrice "Transelectrica" S.A. the sum of 39,787.82 RON by way of costs on appeal. Dismisses, as unfounded, the appeal brought against the same judgment by the appellant claimant Electromontaj S.A. Dismisses, as unfounded, the appellant claimant's application for costs on appeal. Definitive.

ENERGOMONTAJ SA filed a request for review and an appeal for annulment, and at the trial date of 12.01.2024: Dismisses, as unfounded, the appellant-claimant Electromontaj S.A.'s application for rectification of a clerical error as unfounded.

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

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

Trial date: 25.08.2022 - submission of expert report.

At the hearing on 25.08.2022, judgment was adjourned until 13.09.2022. On 13.09.2022, the Bucharest Tribunal rejects as unfounded the objections of the defendant to the expert's report in the field of accounting. Admit the objections to the expert's report in the field of accounting submitted by the applicant. An address will be issued to the expert Cojocaru Mihaela with the mention to reply to the objections and to file the reply. Subject to appeal with the merits.

In view of the absence of the expert's report, the case is adjourned.

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

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

After several adjournments, at the trial date of 18.01.2024, the Bucharest Tribunal dismisses the action as unfounded. Subject to appeal within 10 of days of notification. The application for appeal shall be submitted to the Bucharest Court, Civil Department VI.

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

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

At the trial date of 19.01.2024, the short solution is: Dismisses the application for suspension under Article 242 of the Code of Civil Procedure as unfounded. Grant a stay of proceedings on 15.03.2024.

After several postponements, at the trial date of 05.04.2024, Bucharest Tribunal:

✓ upholds in part the application:

- orders the defendant to pay the sum of 3,689,768.27 RON, by way of adjustment of the price of the Works Contract No C264 / 14.12.2017 for the labour relating to the work remaining to be carried out on 01.01.2019, as a result of the increase in the minimum wage in the construction sector to the sum of 3,000 RON/month.

- orders the defendant to conclude an Addendum to the Works Contract No. C264/14.12.2017, the purpose of which is to adjust the price of the Contract by the amount of 3,689,768.27 RON, representing the labour cost of the work remaining to be carried out on 01.01.2019, as a result of the increase in the minimum wage in the construction sector to 3,000 RON/month.

- orders the defendant to pay the applicant a late payment penalty of 0.02%/day, calculated on the principal debt, from 01.02.2019

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until payment of the principal debt.

- ✓ Dismisses the remainder of the application as unfounded.
- ✓ notes that the applicant has applied for separate costs. Subject to appeal within 30 of days of notification.

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

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

At the hearing on 24 June 2022, dismisses the application as unfounded. Subject to appeal within 10 days of notification. The application for appeal shall be submitted to the Bucharest Court - Civil Department VI. Document: Decision No 1555/2022.

Romelectro appealed.

At the hearing on 29.02.2024, the CAB dismisses the appeal as unfounded. Definitive. Delivered by delivery of the judgment to the parties by the Court Registry today, 29.02.2024. Document: Decision 358/2024 29.02.2024.

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

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

At the meeting of 20.04.2022, the Bucharest Tribunal solution is: 'Grants expert accounting evidence for the following purposes:

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

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

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

b) When the workforce salary was increased to 3000 RON/month;

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

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

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

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

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

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

After several adjournments of the case, at the trial date of 12.01.2024, the summary decision is: grant trial date of 08.03.2024 to take cognizance of the content of the expert report.

After several adjournments, at the trial date of 19.04.2024, the solution in brief: adjourn the judgment to **30.04.2024**.

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

The subject matter of the file is claims - GEO 114/2018 for contract C112/2019 - *Refurbishment of 110kv substation of the Porțile de Fier - Anina- Reșița-Timișoara-Săcălaz-Arad - 400Kv substation Timișoara axis.*

At the trial date of 22 June 2022, the Bucharest Court passes the objection of no stamping. Annuls the application as unstamped. Subject to appeal within 10 days of notification. The application for appeal shall be submitted to the Bucharest Court - Civil Department VI. Delivered today, 22.06.2022, with the decision being made available to the parties by the Court Registry. Document: Decision 1502/2022 22.06.2022.

- *File No 8193/3/2022 - applicant Tempos Sev (2,437,253)*

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

At the hearing on 10 June 2022, the case is adjourned to 14.10.2022.

At the hearing on 14.10.2022, the case was adjourned to 21.10.2022. Solution: 'Pursuant to Articles 258 and 255 of the Civil

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Procedure Code, order the production of documents for both parties and order the production of evidence in the form of cross-examination of the applicant and of an accounting expert's report for the defendant. Orders that the expert's report shall have the objectives indicated by the defendant in its statement of defence, to which shall be added the additional objectives indicated by the defendant in the Note for Evidence filed at the hearing on 14.10.2022, as well as the objectives indicated by the applicant in the Notes for the Hearing filed at the same hearing. Order the applicant to produce the documents requested by the defendant in the Evidence Note of 14.10.2022. Order the applicant to submit to the file the reply to the interrogatory which was communicated with the statement of defence, under the signature of the legal representative, under penalty of application of the provisions of Article 358 of the Civil Procedure Code. Delivered today, 21.10.2022, with the decision being made available to the parties by the Court Registry." Trial date 05.05.2023.

At the trial date of 05.05.2023, the case is adjourned and a date of 15.09.2023 is set for the expert evidence.

After several postponements, at the trial date of 22.03.2024, the solution in brief: For lack of expert report, adjourns the case to **14.06.2024**.

- *File No 8442/3/2022 - applicant Tempos Sev (1,429,832)*

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

At the trial date of 16.09.2022, the plea of relatedness is passed. Refer the case back to the panel first seized with the case No 8193/3/2022, i.e. to the 12th panel of the Court, in order to join case No 8442/3/2022 to case No 8193/3/2022. Subject to appeal along with the merits. Delivered today, 16.09.2022, with the decision being made available to the parties by the Court Registry. Document: Final resolution (divestment) 16.09.2022.

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

- *File No 8440/3/2022 - applicant Tempos Sev (2,437,253)*

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

At the hearing on 13.09.2022, the case was adjourned to 08.11.2022, in order to take the evidence ordered.

At the hearing on 08.11.2022, the case is adjourned.

The case was reinstated and a trial date of 12.09.2023 was granted.

At the trial date of 12.09.2023, the solution in brief: In order to give the defendant the opportunity to take cognisance of the documents lodged, adjourns the case until 7 November 2023.

At the trial date of 07.11.2023 in order to submit the requested clarifications, adjourn the case to 23.01.2024.

At the hearing on 23.01.2024, the court adjourned the case to 20.02.2024.

At the hearing on 20.02.2024, in order to fulfil certain obligations, the court adjourns the case to **14.05.2024**.

- *Case No 527/1285/2021 - applicant ELM Electromontaj Cluj (402,274)*

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

The solution of the Cluj Tribunal: Passes the application brought by ELM ELECTROMONTAJ CLUJ S.A. against the defendant C.N.T.E.E. "TRANSELECTRICA" S.A. Obliges the defendant to conclude with the applicant an addendum to the Works Contract No. C4/6882/21.01.2019, having as object the change of the contract price as a result of the increase of the minimum gross basic wage guaranteed in payment for the construction sector, by art. 71 of GEO No. 114/2018, according to the statements of works settled from May 2020 until the completion of the works related to the contract. Orders the defendant to pay to the applicant the sum of 402,273.61 RON (exclusive of VAT), representing the difference between the costs of the labour tendered and the costs of the labour executed and accepted under Works Contract No C4/6882/21.01.2019, relating to the statements of works drawn up for the period from May 2020 to 31 May 2021, and further, in the same way, to pay the differences between the costs of the labour tendered and the costs of the labour executed and accepted until acceptance on completion of the works. Orders the defendant to pay to the applicant the sum of 13,666.70 RON in late payment penalties of 0.02%/day, calculated on the principal debt from the due date until 31.05.2021, and to pay the late payment penalties calculated thereafter until full payment of the principal debt. Orders the defendant to pay to the applicant the sum of EUR 8 436,06 in respect of costs, that is to say, the court fees. Subject to appeal within 10 days from the date of notification, the request for appeal to be submitted to the Specialized Court Cuj. Delivered by making the judgment available to the parties through the court registry today, 22.10.2021.

The company appealed. The Court dismisses the appeal brought by the appellant C.N.T.E.E. Transelectrica SA against civil judgment No 2039 delivered on 22.10.2021 in case No 527/1285/2021 of the Specialised Court of Cluj, which it preserves in its entirety. Orders the appellant to pay to the respondent the sum of 332.74 RON by way of costs on appeal. The decision is final and enforceable. Delivered on 10.10.2022 by the Court Registry on the day of delivery.

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

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- *Control Court of Auditors of Romania*

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

- a) contracting and procurement;
- b) salaries and other rights granted to the Company's staff.

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

The audit described above has not been completed at the date of preparation of these financial statements.

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

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

20. Related parties

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

| Entity | Country of Origin | 31 March 2024 % of shares | 31 December 2023 % of shares |
|--------------------------|-------------------|------------------------------|---------------------------------|
| SMART SA | Romania | 100 | 100 |
| TELETRANS SA | Romania | 100 | 100 |
| ICEMENERG SA *) | Romania | - | - |
| OPCOM SA | Romania | 97.84 | 97.84 |
| FORMENERG SA | Romania | 100 | 100 |
| ICEMENERG SERVICE SA **) | Romania | - | - |

The net value of shares held by the Company in its subsidiaries is 78,038,750 at both 31 March 2024 and 31 December 2023.

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

SMART SA

The company SMART SA with registered office in B-dul Magheru, nr. 33, District 1, Bucharest and with head office at the working point in B-dul Gheorghe Șincai, nr. 3, building "Formenerg", et. 1, District 4, Bucharest, whose main activity is to carry out maintenance works for the transport-dispatching system, was established by GD no. 710/19.07.2001 on 1 November 2001.

The Extraordinary General Meeting of Shareholders of S Smart SA approved with Resolution no. 14/10.12.2014 the capital increase of S Smart SA by contribution in kind with the value of the land for which the certificate of ownership was obtained. On 30.12.2014, the Trade Register Office of the Bucharest Court of Justice has resolved the application for registration of the share capital increase of S Smart SA.

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

Thus, on 31 March 2024, the share capital of S SMART SA is 38,528,600, divided into 3,852,860 registered shares, each share having a value of 10 RON, fully subscribed and paid up.

TELETRANS SA

TELETRANS SA, with registered office in B-dul Hristo-Botev, nr. 16 - 18, District 3, Bucharest and with head office at the working point in Stelea Spătarul street nr. 12, District 3, Bucharest, has as main object of activity process and managerial computer

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maintenance services, specific telecommunication and information technology services in RET, telephony, data transmission and was established by AGM Resolution nr. 13/2002.

Share capital at 31 March 2024 is 6,874,430, fully subscribed and paid up.

ICEMENERG SA

The subsidiary company Institutul de Cercetări și Modernizări Energetice - ICEMENERG SA with registered office in B-dul Energeticienilor, nr. 8, District 3, Bucharest has as its main object of activity research and development in physical and natural sciences, innovation, studies, development strategies, design activities, urban planning, engineering and other technical services and was established by GD nr. 1065/04.09.2003.

In the Company's accounting records, at 31 March 2024, the share capital of Icemenerg SA is 1,083,450, fully subscribed and paid up.

*) On 07.04.2014, the National Trade Register Office admitted the file with registration number 121452/03.04.2014, having as object the cancellation of the subsidiary Institutul de Cercetari si Modernizari Energetice - ICEMENERG SA Bucharest. By Order no. 123/13.03.2014 (act of registration and authorization of officials), the "National Institute for Research and Development for Energy Bucharest" was registered at the Trade Register (HGR no. 925/2010). The company filed a complaint against the resolution of the ORC director ordering the registration in the trade register of the deregistration of ICEMENERG SA Bucharest.

The Bucharest Court, Civil Department VI, by Judgment no. 3569/14.07.2014, rendered in case no. 15483/3/2014, in which the Company was in contradiction with the defendants Subsidiary Institutul de Cercetări și Modernizări Energetice "Icemenerg" S.A. Bucharest and Institutul National de Cercetare-Dezvoltare pentru Energie-Icemenerg Bucharest, rejected the Company's complaint, on the grounds that HG no. 925/2010 had not been revoked by the time of its cancellation at the ORC. On 24.02.2015, the Court of Appeal communicated the decision rendered in case no. 15483/3/2014 și namely Decision no. 173/2015, by which it rejected the appeal of CNTEE Transelectrica SA as unfounded, the decision being final.

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

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

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

OPCOM SA

OPCOM SA, with registered office at 16-18 Hristo Botev Street, District 3, Bucharest, with legal personality, has as its main activity the organisation, administration and supervision of the energy market and was established by GD no. 627/2000.

The registration of the amendment of the articles of association of S OPCOM SA, based on the AGEA Decision no. 6/15.06.2016, was made at ONRC according to the Certificate of registration of entries dated 11.07.2016.

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

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

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

As at 31 March 2024, the share capital is 31,366,090, of which 8,778,790 is fully subscribed and paid-up share capital. The

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difference in share capital in the amount of 22,587,300 is represented by the Company's contribution in kind, i.e. intangible assets - "OPCOM Commercial Power Exchange" and "OPCOM Regional Power Exchange", financed from the Company's own sources and IBRD funds and valued according to the Valuation Report no. 786/15.03.2016 issued by JPA Audit & Consultancy Ltd.

On 31 March 2024, the share capital of OPCOM SA is 31,366,090 RON, representing a number of 3,136,609 registered shares with a share value of 10 RON and a shareholding of CNTEE Transelectrica SA in profits and losses of 97.84%.

FORMENERG SA

The company FORMENERG SA, with registered office in B-dul Gh.Șincai, no. 3, District 4, Bucharest, with legal personality, has as its main object of activity the initial and continuous professional training in all fields of activity of energy personnel, as well as other beneficiaries and was established by AGA Resolution no. 33/2001.

The share capital on 31 March 2024 is 1,948,420, fully subscribed and paid up.

ICEMENERG SERVICE SA

By GD no. 2294/09.12.2004, it was approved the transfer of the shares held by the subsidiary "Institutul de Cercetări și Modernizări Energetice - ICEMENERG" - S.A. Bucharest to the subsidiary "ICEMENERG-SERVICE" - S.A. Bucharest to Compania Națională de Transport al Energiei Electrice "Transelectrica" - S.A.

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

The share capital on 31 March 2024 is 493,000, fully subscribed and paid up.

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

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

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

The company was not notified of the judgment until 31.03.2024.

Balances with subsidiaries held by the Company are as follows:

| ENTITY AFFILIATE | Receivables Trade*) | | Payables trade | |
|---------------------|---------------------|--------------------|--------------------|--------------------|
| | 31 March 2024 | 31 December 2023 | 31 March 2024 | 31 December 2023 |
| SMART SA | 388,803 | 505,575 | 18,754,533 | 26,136,624 |
| TELETRANS SA | 148,662 | 163,073 | 24,127,725 | 32,618,057 |
| FORMENERG SA | - | - | - | - |
| OPCOM SA | 42,458,443 | 137,025,151 | 81,606,147 | 170,043,524 |
| TOTAL | 42,995,908 | 137,693,799 | 124,488,405 | 228,798,205 |

*) Trade receivables are shown gross.

Transactions in Q1 2024 and Q1 2023 with the Company's subsidiaries are detailed as follows:

| ENTITY AFFILIATE | Sales | | Purchasing | |
|---------------------|--------------------|--------------------|--------------------|----------------------|
| | 1st Quarter 2024 | 1st Quarter 2023 | 1st Quarter 2024 | 1st Quarter 2023 |
| SMART SA | 375,013 | 301,201 | 20,802,148 | 17,776,916 |
| TELETRANS SA | 233,811 | 142,936 | 12,994,987 | 11,334,912 |
| FORMENERG SA | - | - | - | 165 |
| OPCOM SA | 174,392,643 | 291,348,324 | 781,331,610 | 1,221,927,462 |
| Total | 175,001,467 | 291,792,461 | 815,128,745 | 1,251,039,455 |

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*(All amounts are in RON, unless otherwise indicated)***21. Credit risk**

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

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

Financial assets that may subject the Company to collection risk are primarily trade receivables and cash and cash equivalents. The company has put in place a number of policies to ensure that services are sold to customers with appropriate collection by including in commercial contracts an obligation to provide financial guarantees. The amount of receivables, net of impairment adjustments, represents the maximum amount exposed to collection risk.

Maximum exposure to collection risk at reporting date:

| | 31 March 2024 | 31 December 2023 |
|---|----------------------|-------------------------|
| Financial assets | | |
| Net trade receivables | 1,700,385,931 | 1,620,132,453 |
| Other net receivables and advances to suppliers | 166,301,563 | 280,338,797 |
| VAT to be recovered | 267,018,870 | 215,086,522 |
| Cash and cash equivalents | 462,776,840 | 519,358,908 |
| Other financial assets | - | - |
| Total | 2,596,483,204 | 2,634,916,680 |

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

| | Gross value | Impairment adjustment | Gross value | Impairment adjustment |
|------------------------------------|----------------------|------------------------------|-------------------------|------------------------------|
| | 31 March 2024 | 31 March 2024 | 31 December 2023 | 31 December 2023 |
| Not yet due | 1,611,978,157 | - | 1,531,342,224 | 330,772 |
| Expiry date between 1 - 30 days | 1,542,834 | - | (329,026) | - |
| Expiry date between 31 - 90 days | (1,400,653) | - | 169,704 | - |
| Expiry date between 90 - 180 days | (757,558) | 1,388 | 200,418 | 15,266 |
| Expiry date between 180 - 270 days | (4,719) | 12,559 | 30,019,270 | 30,014,000 |
| Expiry date between 270 - 365 days | 29,983,623 | 29,987,425 | 206,356 | 17,254 |
| More than one year | 182,534,946 | 93,489,327 | 184,044,637 | 95,143,838 |
| Total | 1,823,876,630 | 123,490,699 | 1,745,653,583 | 125,521,130 |

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

| | Gross value | Impairment adjustment | Gross value | Impairment adjustment |
|------------------------------------|----------------------|------------------------------|-------------------------|------------------------------|
| | 31 March 2024 | 31 March 2024 | 31 December 2023 | 31 December 2023 |
| Not yet due | 405,059,978 | 468,495 | 468,005,322 | 1,841,664 |
| Expiry date between 1 - 30 days | 2,652,755 | 2,465,404 | 11,004,350 | - |
| Expiry date between 31 - 90 days | 1,949,214 | 1,350,071 | 16,352,177 | 347,123 |
| Expiry date between 90 - 180 days | 24,937,780 | 23,684,343 | 481,065 | 15,824 |
| Expiry date between 180 - 270 days | 2,178,451 | 15,824 | 142,180 | 34,948 |
| Expiry date between 270 - 365 days | 68,400 | 52,244 | 372,881 | 1,770,073 |
| More than one year | 82,838,999 | 58,328,763 | 83,523,474 | 80,446,498 |
| Total | 519,685,577 | 86,365,144 | 579,881,449 | 84,456,130 |

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

The highest impairment adjustments at 31 March 2024, calculated for trade receivables and related penalties, were recorded for Romelectro SA (40,392,346), JAO (29,974,217), CET Govora (24.645.019), Arelco Power (14,788,022), Total Electric Oltenia SA (14,185,577), Romenergy Industry (13,512,997), Elsaco Energy (9,276,118), RAAN (8,516,707), Next Energy Partners (8,395,132), OPCOM (8,150,436).

The Company has taken the following measures to recover the impairment-adjusted receivables: legal action, registration of the receivables, etc.

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

| | 31 March 2024 | 31 December 2023 |
|---------------------------------------|----------------------|-------------------------|
| Balance as of 1 January | 125,521,130 | 132,837,163 |
| Recognition of impairment adjustments | - | 31,664,485 |
| Reversal of impairment adjustments | 2,030,431 | 38,980,518 |
| Balance at end of period | 123,490,699 | 125,521,130 |

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

| | 31 March 2024 | 31 December 2023 |
|---------------------------------------|----------------------|-------------------------|
| Balance as of 1 January | 84,456,130 | 76,330,845 |
| Recognition of impairment adjustments | 2,939,418 | 25,239,079 |
| Reversal of impairment adjustments | 1,030,404 | 17,113,794 |
| Balance at end of period | 86,365,144 | 84,456,130 |

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

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

22. Subsequent events

- **Completion of essential investment for the consolidation and security of the national energy infrastructure in the Dobrogea region**

April 5, 2024 marked the successful completion of an investment of approximately 92 million RON to strengthen energy security in the Dobrogea region, the development of the electricity transmission grid and the national energy system, through the construction of two new 400 kV double-circuit connections, with a total length of 55 kilometers, in the 400 kV Medgidia South Electricity Transformer substation, which thus becomes the third important energy node for the evacuation of energy in Dobrogea.

This work made it possible to commission four 400 kV overhead power lines respectively:

- 400 kV Medgidia South - Varna (Bulgaria) interconnection line,
- 400 kV Medgidia South - Dobrudja (Bulgaria) interconnection line,
- LEA 400 kV Medgidia Sud - Stupina and
- 400 kV Medgidia Sud - Rahman LEA, thus transforming Medgidia Sud substation into an interconnection with the Bulgarian power system.

These four lines resulted from the severing of the former interconnection lines with Bulgaria: 400 kV Stupina - Varna and 400 kV

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Rahman - Dobrudja LEA respectively.

The execution works were carried out by Electromontaj SA (joint venture leader), ELM Electromontaj Cluj SA and EMFOR Montaj SA as subcontractor, and the implementation of the project in the IT systems was carried out with the support of Teletrans SA specialists, a subsidiary of Transelectrica, which ensured the modelling and integration of the new lines in the EMS - SCADA system, as well as the communications and data exchanges with the Transmission and System Operator in Bulgaria.

The realisation of this investment project has a significant impact for the Dobrogea area and a particular importance for the Cernavodă Nuclear Power Plant (CNE Cernavodă), making the 400 kV Medgidia South substation a particularly important energy hub in this region.

As a result of the implementation of this investment, the distribution of power flows on the lines in the Dobrogea area and on the connections with the rest of the system, including Bulgaria, the Republic of Moldova and Serbia, will become more efficient.

Thus, a significant benefit of this work is the reduction of active power losses on 400 kV overhead power lines by about 10 MW, under conditions of high electricity generation in wind power plants. At the same time, cross-border capacity on the Bulgarian border will be increased by 200 MW to 300 MW for export and about 100 MW for import.

- **Contract financed by the NRDP worth €56.2 million**

Further to the information disseminated in the current report sent through the capital market institutions on 11 December 2023, the Company informed the investing public that on 9 April 2024 it signed with the General Secretariat of the Government, as reform and/or investment coordinator for the National Recovery and Resilience Plan (NRRP), the financing contract for the implementation of the investment "Efficiency, modernisation and digitalisation of the national electricity transmission network", financed by the REPowerEU component of the NRRP in the amount of €56.2 million.

This contract will finance three key investment projects to improve the efficiency and modernization of the electricity transmission network, two of which are for the subsidiaries SMART SA and Teletrans SA.

The investment aims to install photovoltaic power plants and storage facilities in 29 power stations, to upgrade the SMART SA subsidiary and to optimise the communications network managed by the Teletrans subsidiary and to create a data centre.

We remind that the implementation of these projects will significantly contribute to the consolidation of Romania's electricity transmission grid.

The objective of the REPowerEU-funded investment is to increase flexibility and address bottlenecks in the electricity grid to accelerate the integration of additional renewable energy capacity and increase grid resilience, while strengthening cyber security through better responsiveness to cyber attacks.

- **Completion of the Ordinary General Meeting of Shareholders notice of 29 (30) April 2024**

The Board of Directors of the Company, in view of the request of the shareholder Romanian State represented by the General Secretariat of the Government, completes on April 12, the agenda of the Ordinary General Meeting of Shareholders to be held on April 29, 2024 with the following items:

- Ratification by the General Meeting of Shareholders of the Decisions of the Supervisory Board for the appointment of provisional members to the Management Board No. 26/25.06.2021, No. 49/22.12.2021, No. 50/22.12.2021, No. 51/22.12.2021, No 52/22.12.2021, No 53/22.12.2021, No 13/23.03.2022, No 18/21.06.2022, No 43/14.10.2022, No 53/19.12.2022, No 15/19.04.2023, No 24/20.06.2023, No 39/24.10.2023 and No 11/21.03.2024;

- Establishment of the general limits of the remuneration and other benefits to be granted by Transelectrica to the provisional members of the Management Board, including the fixed indemnity and other benefits granted to them.

- **Inauguration of the overhead 400kV Portes de Fier-Anina-Reșița power line**

On 16 April 2024, in the presence of government and local officials, the Company inaugurated the 400 kV Porțile de Fier - (Anina) - Reșița Overhead Power Line in a ceremony at the Porțile de Fier Transformer substation.

In conjunction with the construction of the new 400 kV Reșița substation, the 400 kV Porțile de Fier - (Anina) - Reșița LEA will contribute to the consolidation of the energy District in the Banat region and will facilitate the increase of the interconnection capacity with the ENTSO-E grid by 600 MW, to the benefit of the users connected to the grid.

- **Ordinary General Meeting of Shareholders Resolution No 3 of 29 April 2024**

The Ordinary General Meeting of Shareholders of the Company held on 29 April 2024 approved:

- The Company's separate financial statements for the fiscal year 2023;

- The Company's consolidated financial statements for the fiscal year 2023;

- Allocation of the accounting profit remaining after deduction of corporate tax as at 31.12.2023 in the amount of 213,611,306 RON;

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-
- Distribution of gross dividend per share from the retained earnings in the balance as at 31.12.2023, in the amount of 0.28 RON;
 - Creation of reserves related to the income from the allocation of transmission capacity on interconnection lines by distribution from the retained earnings representing the surplus realized from non-taxable revaluation reserves at the change of destination in the amount of 124,558,966 RON;
 - Discharge of the members of the Board of Directors and the members of the Supervisory Board for the financial year 2023;
 - Remuneration report for the financial year 2023;
 - Remuneration policy for executive and non-executive directors of the Company revised to March 2024;
 - ratification of the Decisions of the Supervisory Board for designation of provisional members in the Board of Directors no. 26/25.06.2021, nr. 49/22.12.2021, nr. 50/22.12.2021, nr. 51/22.12.2021, nr. 52/22.12.2021, No. 53/22.12.2021, No. 13/23.03.2022, No. 18/21.06.2022, No. 43/14.10.2022, No. 53/19.12.2022, No. 15/19.04.2023, No. 24/20.06.2023, No. 39/24.10.2023 and No. 11/21.03.2024;
 - setting the general limits of the remuneration and other benefits to be granted by Transelectrica S.A. to the provisional members of the Board of Directors, including the fixed indemnity and other benefits granted to them;
 - setting June 6, 2024 as the "ex date", the calendar date from which the Company's shares subject to the resolution of the Ordinary General Meeting of Shareholders shall be traded without the rights deriving from that resolution;
 - setting the date of 7 June 2024 as the date of registration of the shareholders on whom the effects of the Resolution of the Ordinary General Meeting of Shareholders will be passed;
 - setting 27 June 2024 as the "payment date" for dividends distributed out of retained earnings existing in the balance at 31.12.2023.